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Opening Letter

The *East Asian Studies Forum and Review* is a biannual publication of interdisciplinary undergraduate research with a regional focus on East Asia. The journal is supported by the Johns Hopkins University’s East Asian Studies Program and is produced entirely by undergraduate students. It aims to showcase research, while promoting awareness and scholarly discussion of a vibrant, diverse, and increasingly prominent region of the world.

The Spring 2023 East Asian Studies Forum and Review features a total of eleven papers from fifteen Johns Hopkins University students and one Georgetown University student. Submissions consist of course papers as well as independent research. The journal is divided into four categories: Identity, Culture, and Society; Gender Issues in East Asia; Labor Politics in China; and Economic Development of East Asia.

The first section, “Identity, Culture, and Society,” features papers that inspect the history of East Asia and the East Asian diaspora from the formation of the Zainichi identity to Baltimore’s own Chinese language schools. The following section, “Gender Issues in East Asia,” discusses the role of gender in online communities and in family planning while tying in the influence of modern media.

The third section, “Labor Politics in China,” features three papers from students who took Professor Gaochao He’s course of the same name. Lastly, the fourth section, “Economic Development of East Asia,” follows the growth, stagnation, and divergence of Asian economic powers and their connections to the global economy.

We would like to thank not only all of the student writers, but also our committee members, editors, and distinguished faculty members for making this publication possible.

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Section I
Identity, Culture, and Society
The Zainichi Ethnic Enclave: A Case Study of Korean Migration to Japan

Anthony Cardinale, Cherise Kim, Madelyn Kye, Emily Mehler

Migrating to Opportunity? Economic Evidence from East Asia, the U.S. and the EU

Professor Giovanna Maria Dora Dore

Johns Hopkins University
Korean immigration to Japan has become a permanent fixture of East Asian migration in the twentieth and twenty-first centuries. First, this paper will discuss migration patterns of the Zainichi, or ethnic Korean, population. Then, it will examine the historical transfiguration of institutionalized economic discrimination faced by this group. Finally, it will analyze the formation of a new Korean-Japanese identity politics in the twenty-first century.

The trajectory of twentieth and twenty-first-century migration from the Korean peninsula to Japan began with the Japanese government’s annexation of Korea in 1910. Japanese colonial policies in Korea seized land and forced deliverance of rice payments, resulting in food shortages.¹ Because of the post-WWI economic boom, Japan attracted many male economic migrants to these opportunities yet suffered tremendous labor shortages after the draft to the Asian-Pacific War. As a result, migration patterns shifted from voluntary economic migrants to involuntary movements under the wartime-forced labor programs. Thus, the number of Koreans in Japan rose from “30,000…by 1920, almost 300,000 by 1930, and approximately 626,000 by 1935” to “2 million by the time of Japan’s surrender in 1945.”²

Within two months of Japan’s defeat, a massive wave of repatriation occurred under the assumption that the Koreans “were returning to a Korea liberated from Japanese colonialism in the hope of making a better life.”³ While this assumption certainly influenced the early stages of repatriation in Japan, between 1946 and 1950, the Japanese government implemented an official Allied–occupation program of repatriation, though it was largely ineffective.⁴ Then, in 1959, with the help of the International Red Cross, Japan encouraged repatriation to a newly

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² Ibid.
⁴ Ibid.
industrialized North Korea in need of labor. Concurrently, Koreans in Japan were suffering from disproportionately high unemployment rates. Because of these economic push-and-pull factors, the number of Koreans living in Japan fell to 568,000 in 1961. The formalization of the 1965 Normalization Treaty facilitated the arrival of a new wave. As such, that same year, the Korean population rose again, reaching 584,000. As a whole, attempts at repatriation failed. Instead of encouraging ethnic Koreans to leave Japan, the repatriation project “contributed to the emergence of Zainichi identity and its special meaning as an ethnic enclave.”

Alongside repatriation efforts came the framing of Korean immigrants as fundamentally different from Japanese nationals. Sentiments of this nature grew in the immediate post-war years and guided popular narratives throughout the remainder of the twentieth century. The term Zainichi translates to “residing in Japan,” codifying them as a group distinct from ethnically Japanese citizens. The lasting effects of discriminatory legislation introduced in the 1950s, 1960s, and 1970s dramatically shaped the economic opportunity and political identity of first-generation Zainichi and their successive generations.

Employment discrimination against Zainichi lasted until the eighties and nineties and detrimentally affected economic prospects and employment patterns of ethnically-Korean individuals in Japan. Public sector work was not available to the Zainichi until 1972, and even after this change, employment discrimination kept most Zainichis in the private sector. Within the private sector in the 1980s and 1990s, most Zainichi worked in the food industry, customer service, and the growing pachinko industry, a popular Japanese “arcade game” equivalent to

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5 Ibid.
6 Ibid.
7 Ibid.
10 Ibid, 74.
gambling in the West.\textsuperscript{11} Discriminatory employment in the private sector led many Zainichi to turn to entrepreneurial pursuits and self-employed endeavors, such as Korean restaurants, private doctors, and nurses.\textsuperscript{12} Self-employed pursuits often included opening Korean restaurants in Japan or working as private doctors and nurses. The expansion of the Japanese service industry in the nineties, popularization of Korean culture and food, and introduction of Zainichi medical professionals to public hospitals all contributed to growing Zainichi economic success at the beginning of the twenty-first century.\textsuperscript{13}

Though their legal status improved over time by way of successful social movements and policy changes in the 1980s, the employment discrimination faced by Zainichi remained prevalent because such policy changes did not correct for instances of xenophobia.\textsuperscript{14} Today, Zainichi face unjust restrictions in work and education, experiencing hate speech which the Japanese government is complicit in.\textsuperscript{15} Though the issues faced by Zainichi academically and professionally are separate from one another, they are linked in the sense that the Japanese government aims to use both to limit the prospects of foreigners. Not only that, Zainichi struggle to get promoted in the jobs they are permitted to hold. This was seen in 2003, the Tokyo Summary Court rejected the appointment of a Zainichi lawyer as a judicial commissioner, despite being recommended by the Tokyo Bar Association.\textsuperscript{16}

Beyond employment barriers, Zainichi exclusion from several important Japanese institutions hindered both the acquisition of human capital and improvement of economic

\textsuperscript{11} Lie, John. \textit{Zainichi (Koreans in Japan)}, 2008, 73.
\textsuperscript{12} Ibid.
\textsuperscript{16} “Discrimination Against Koreans in Japan”, 2014, 17.
conditions. Until the early 1990s, Zainichi had to attend segregated ethnic Korean primary schooling and experienced significant barriers of entry to Japanese high schools and colleges.\(^{17}\) This created a discrepancy between native-born Japanese and Zainichi vis-à-vis education level and skills in the job market. Integration of education proved successful. There were no significant differences in the education level of native Japanese and Zainichi as of 1996. Education reform, in conjunction with the extension of long withheld Japanese social programs to Zainichi, in 1982 began to even the playing field between ethnic Koreans and native Japanese but ultimately failed to adequately combat the issue.

To this end, in 2010, the Japanese government introduced a high school tuition waiver program that excluded Korean schools due to diplomatic situations, despite the schools’ aligning with the program’s criteria for aid.\(^{18}\) When contested in 2013, the government updated the code such that only some Korean schools became eligible for the program. Even after revisions, however, many Korean students were unable to benefit from it.\(^{19}\) Beyond this, Japanese universities rendered many graduates of Korean schools ineligible for their entrance exams.

In spite of the remaining inequalities between ethnic Koreans and native Japanese, it cannot be understated that the repeal of several key Japanese laws in the mid-eighties and nineties facilitated unprecedented integration of Zainichi into Japanese society. Previously, if a Korean immigrant wished to become naturalized as a Japanese citizen, they were required to abandon their ethnically Korean name in place of a Japanese one.\(^{20}\) In effect, this policy dissuaded most Zainichi from pursuing naturalization and instead, in an effort to retain their Korean culture, they maintained their status as temporary foreigners. Its repeal in 1987 and the

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\(^{17}\) Lie, John. *Zainichi (Koreans in Japan)*, 2008, 75.

\(^{18}\) “Discrimination Against Koreans in Japan”, 2014, 22.

\(^{19}\) Ibid, 24.

subsequent granting of permanent residence to most Zainichi in 1991 signified the beginnings of Japanese multiculturalism, or at least a reluctant acceptance of the permanent status of ethnically Korean individuals. These, along with other legislative changes, including the repeal of exclusively patrilineal citizenship for Japanese-Korean children in 1985, introduced a new era of Zainichi identity politics. Despite the Japanese government’s efforts to craft an ethnoracially homogeneous society by way of nationalist beliefs and xenophobic policies, many Zainichi remained in Japan. This was for two main reasons, the first of which being that many Zainichi were unable to return to Korea in the aftermath of World War II. Secondly, as time passed, the second generation of Zainichi and those who came after tended to view Japan as their home rather than Korea, lacking the desire to return to Korea.

Despite a general trend of decreasing institutional discrimination at the turn of the 21st century, anti-Korean sentiment remained throughout fringe groups. In the 2010s, the Zaitokukai, a far-right hate group, actively spread hate online and organized anti-Korean protests, hoping to remove the alleged privileges experienced by Koreans in Japan. The Zaitokukai ultimately faced a lawsuit from the Koreans they targeted, harming them not only financially, but also publicly, leading to the group’s decline. In spite of their lowered influence, the sentiments they spread continue to exist.

Zainichi identity has shifted over time, but because of the Japanese nation’s conception of ethnic homogeneity, Zainichi were heavily discriminated against throughout Japanese society.

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21 Ibid.
starting from their emergence as a prominent social group. This is due partially to younger
generations’ differing perceptions of Korea. Not only did South Korea undergo a dramatic
economic transformation in the latter half of the twentieth century, but also the modern-day
Japanese image of Korea itself became that of a global economic and technological
superpower.\footnote{Sonia Ryang and John Lie. \textit{Diaspora without Homeland: Being Korean in Japan}. University of California Press, 2009, 169.} This contrasts sharply with what Korea looked like during the peak of the Zainichi
during the colonization of Korea, which was an underdeveloped, war-torn, and poverty-stricken
nation under the rule of an authoritarian regime pushing increasing numbers of migrants to
Japan. Additionally, the increasing global prominence of popular South Korean media, such as
Korean pop music (K-pop) and Korean television shows, have contributed to a more positive
image of Koreans in the Japanese cultural consciousness. Consequently, many Japanese in
younger generations do not hold implicitly negative associations with ethnically Korean people.

According to Lie, the “end of Zainichi ideology is nigh” in the twenty-first century.\footnote{Lie, John. \textit{Zainichi (Koreans in Japan): Diasporic Nationalism and Postcolonial Identity}. University of California Press, 159.} He
stated that this is due to the decline in the prominence of the core pillars of Zainichi ideology,
such as attachment to the homeland and resistance to intermarriage and naturalization. The rate
of naturalization has increased steadily, now with ten to fifteen thousand Zainichi becoming
naturalized Japanese citizens each year. Furthermore, intermarriages with ethnically Japanese
citizens of Japan have become increasingly prominent and decreased the documented number of
ethnic Koreans residing in Japan. It is even anticipated that the Zainichi population will vanish
altogether in less than forty years.\footnote{Sonia Ryang and John Lie. \textit{Diaspora without Homeland: Being Korean in Japan}. University of California Press, 2009, 520.} As per 2003 statistics indicating that “the number of deaths, 4,526, was twice as many as the number of births, 2,206, demographic issues afflicting Japan
have affected the longevity of this community as well.\textsuperscript{29} Beyond the changes in their legal status, Zainichi Koreans have witnessed a shift in their own self-perception. After almost a full century of residing in Japan, this community has gone from seeing the country as a temporary colonial station to a home in which many have planted economic and social roots.

All the same, the decline in prominence of Zainichi identity did not lessen its strength among those who continued to identify with the label. Once the Japanese government afforded the Zainichi population more rights on par with ethnically Japanese citizens, their identity no longer determined their socioeconomic status; therefore, the Zainichi identity marker “emerged as a symbolic locus of identity formation.”\textsuperscript{30} Because it was no longer necessary for survival or social mobility to assimilate by disguising themselves as Japanese, a distinct Korean-Japanese identity began to solidify Many families have shed Japanese surnames in favor of adopting their ethnically Korean name, many of which were lost during the period of Japanese assimilation. The usage of these Japanese “aliases,” or tsūmei, dropped from eighty-five percent in 1979 to sixty-five percent in 1989, a twenty percent decrease in the span of a decade. So follows an increased willingness by the government and the general public to perceive the Zainichi as ethnically Korean by both the government and the general public.

The increased adoption of Korean surnames in favor of a new, Korean-Japanese name fits within the framework of a new era of Zainichi integration. Zainichi Koreans have experienced profound changes in economic opportunity, identity, and their role in Japanese society from the first wave of Korean migration during World War II to the present.

\textsuperscript{29} Nozaki, Yoshiko, Hiromitsu Inokuchi and Kim, Tae-young. “Legal Categories, Demographic Change and Japan's Korean Residents in the Long Twentieth Century.” (2019).
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Baltimore Chinese Language Schools: Grace and St. Peter’s Cantonese Language School, its Decline, and Possible Causes

Dylan Tran

History Research Lab: Asian Diaspora in Baltimore

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My project explores language retention and acquisition among the Chinese population in Baltimore and the surrounding areas, focusing on the now lesser-known Cantonese and Taishanese dialects. Analysis of various articles and columns from the *Baltimore Sun*, a local newspaper, as well as books, booklets, and excerpts written by prominent members of the Baltimore Chinese community, namely Lillian Lee Kim and Leslie Chin, shows that Chinese language schools in Baltimore shifted in the 1970s from teaching mostly Cantonese and Taishanese to almost only teaching Mandarin. The following factors contributed to declining opportunities to learn Cantonese and other dialects in Baltimore: the increase of Mandarin-speaking immigrants moving to the United States, loss of cultural and national loyalty, Americanization, and barriers to pedagogy.

When discussing the movements of a language through history, some terms are worth knowing and utilizing. More encompassing than only language retention and acquisition is "language maintenance," which is the process in which a language is used by at least one population after two groups of people who speak different languages begin to live together.¹ Contrary to language maintenance is "language shift," which is also known as "language death," the process in which a language is replaced by another when facing the same situation as described above.² An example of a language shift is if a group of Chinese who speak Mandarin begins living with a group of Chinese who speak only Cantonese, and Mandarin is adapted to be used in the community's social settings.

In Ningsheng Xia's paper on the maintenance of the Chinese language, evidence shows that the likelihood of language shift is much higher than that of language maintenance in the

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² Xia, 195.
However, Xia's paper aims to flip that notion and argue that the Chinese language does not coincide with the national trends. The paper shows that starting from the 1960s and continuing into the 1980s, the increase in the immigration of Chinese, coupled with the decrease in restrictions on and discrimination against the Chinese language, is part of what contributed to the maintenance of the Chinese language. Xia's conclusions rely on observations made during this period and continue forward. Xia even states, "More than two hundred years have passed since the Chinese started to live in this country, and today the Chinese language is still widely used." However, this neglects that before 1960, over half of the Chinese population in the United States came from Taishan County in Guangdong Province in China. Guangdong is the center of China's Cantonese-speaking population and is only one of thirty-one provinces, whereas Taishan is an even smaller area within Guangdong. Taishan has its local dialect, but most also speak Cantonese. It is startling to realize that such a small group of people within China were the main representatives of the early Chinese in America. This is not even considering that many other early Chinese in America also came from Guangdong. Therefore, the first impressions of the Chinese language in America were dominated by Taishanese and Cantonese, forming the foundation of the American perception of the Chinese language.

Xia notes the two hundred years of Chinese in America but does not differentiate between the dialects that qualify as linguistically different languages. Xia does not ignore the existence of other dialects, however, pointing out that the influx of Mandarin-speaking immigrants from 1960-1990 caused a change in the use of dialects, with the trend moving away

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3 Xia, 196.
4 Xia, 208.
from Cantonese and Taishanese. Despite this, the change in dialects was more than just a language change, but a language shift, although less intense than a complete death of the language, as many people still speak Taishanese and Cantonese in the United States today. These two dialects are used less and less, with the decline even more apparent in social settings. This is evidence of the budding beginnings of a complete shift or even erasure of the languages in the United States.

Language schools are central when discussing language acquisition, which is an influential factor in language maintenance. Language schools serve various purposes, including cultural learning, preservation of ethnic heritage, cultivation of identity, socialization, and more. The overall trend of Chinese language schools also coincides with the movements in language usage, evident in the fact that "most post-1965 schools taught Mandarin instead of Cantonese and Taishanese, the dialects commonly spoken by earlier generations of immigrants from southern China." Baltimore's Chinese language schools are worth investigating to determine if similar trends are present locally.

One of the earliest recorded Chinese schools in Baltimore was opened in 1932 on 314 W Mulberry Street by Jimmy Wu, a prominent member in the Chinese community. However, he was more well-known for his involvement in the restaurant industry with his New China Inn. Wu taught Taishanese to local youths and some adults in a rudimentary class, and later added an

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7 Xia, 199.
9 Fang, 61.
advanced class which was taught by a Mr. Jong Kim Sum.\textsuperscript{13} Lillian Lee Kim, who later became known as the “unofficial matriarch of Baltimore's Chinese-American community,”\textsuperscript{14} participated in both classes.\textsuperscript{15} The venue for these classes is residential, as seen in modern street map views. This is further corroborated by documentation of “many Chinese businesses and residences along the 300 and 400 blocks of park avenue and the 200 block of West Mulberry Street.”\textsuperscript{16} This suggests that the classrooms were probably cramped and not purely designated as a space for education, as "many of the buildings were multipurpose, housing businesses, restaurants, and domestic and religious spaces under one roof."\textsuperscript{17} Unfortunately, in the late 1930s, the school was shut down.\textsuperscript{18}

Fast-forward to 1954,\textsuperscript{19} and another Cantonese school was established, sponsored by Grace and St. Peter's Church.\textsuperscript{20} Interestingly enough, Jimmy Wu's wife, Jean, was heavily involved in its founding and was the school's vice principal.\textsuperscript{21} Other founding members include Sue Bock, who served as principal,\textsuperscript{22} and Lillian Lee Kim, who served as the school's director for over thirty years.\textsuperscript{23} Parents could choose between their children learning Taishanese or Cantonese, which was unique then, leading to forty children taking an interest in the class in

\begin{thebibliography}{99}
\item Kim, \textit{Early Baltimore Chinese Families}, 169.
\item Kim, 169.
\item Luthern, “Baltimore’s Chinatown.”
\item Chin, \textit{History of Chinese-Americans in Baltimore}, 27.
\item The Sun (1837-). “NEW CHINESE CLASSES BEGUN: 40 CHILDREN STUDY TONGUES OF THEIR FOREBEARS.” September 8, 1958. ProQuest Historical Newspapers: The Baltimore Sun.
\item The Sun (1837-). “NEW CHINESE CLASSES BEGUN: 40 CHILDREN STUDY TONGUES OF THEIR FOREBEARS.”
\item Rasmussen, “Lillian Lee Kim, 85, writer, community leader.”
\end{thebibliography}
This school, often called Grace and St. Peter's Cantonese Language School continued to operate for almost the next five decades and arguably prospered for most of its lifespan. One point worthy of note is the difference between the Cantonese Language School, which taught Cantonese and Taishanese, and the Chinese Language School, sometimes called a Sunday school for Chinese youth, which taught English. Grace and St. Peter's already had a school established in 1924 by three noblewomen who were called "The Marshalls." The Cantonese language school was later added in hopes that Chinese-American children could learn more about their heritage and culture.

We have observed an active period in Cantonese school's development, with the 1932 school and Grace and St. Peter's school. However, starting in the 1970s and continuing into the 1980s, there appears to be a decline in attendance and economic stability in the Grace and St. Peter's school. In terms of attendance, the clearest example is a drop from forty children in 1958 to only one adult and three small children enrolled in the Cantonese school in 1983. This is a significant decrease, especially when acknowledging the natural rise in the size of the young Chinese-American population.

As for economic stability, upon further analysis of the prices of the language classes shown in columns posting education announcements in the Sun, an upward trend can be

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24 The Sun (1837-). “NEW CHINESE CLASSES BEGUN: 40 CHILDREN STUDY TONGUES OF THEIR FOREBEARS.”
26 Lillian Lee Kim, Chinese Americans, a Part of America: Mini Excerpts, Early Baltimore Chinese Families. (Baltimore, Maryland: Kim, 1977), 9.
27 The Sun (1837-). “NEW CHINESE CLASSES BEGUN: 40 CHILDREN STUDY TONGUES OF THEIR FOREBEARS.”
28 The Sun (1837-). “NEW CHINESE CLASSES BEGUN: 40 CHILDREN STUDY TONGUES OF THEIR FOREBEARS.”
29 Katie Gunther, “As old ways faded, so did Chinatown: Reversing decay is hope behind pan-Asian plan.” The Sun (1837-), November 27, 1983. ProQuest Historical Newspapers: The Baltimore Sun.
observed. The Cantonese Language School started as a non-profit and relied on volunteers.\(^{30}\)

However, tuition initiation and subsequent increases show an increasing need for funds to support the program, signifying an overall decline in the school. Pictures of the original prices are shown below. I then convert to today (2022) dollars, representing how much the cost would be worth in today's economy, accounting for inflation over time. The prices for children would be as follows (rounded to the nearest dollar): $0 (1977), $103 (1979), $90 (1980), $109 (1986), and $159 (1992). The prices for adults are as follows (rounded to the nearest dollar): $0 (1977), $144 (1979), $126 (1980), $177 (1986), and $202 (1992).

\(^{30}\) Shatzkin, "Language Lessons."


\(^{33}\) The Sun (1837-). “EDUCATION NOTES: Chinese classes.” October 9, 1986. ProQuest Historical Newspapers: The Baltimore Sun.

\(^{34}\) The Sun (1837-). “Chinese school offers language, culture study.” September 7, 1980. ProQuest Historical Newspapers: The Baltimore Sun.

\(^{35}\) The Sun (1837-). “EDUCATION CALENDAR.” September 27, 1992. ProQuest Historical Newspapers: The Baltimore Sun.
Apart from the decline in attendance and economic stability, there are accounts from around 1980 of Mandarin Chinese schools coming to the forefront and competing with the Grace and St. Peter's Cantonese school. One of these Mandarin schools was founded in 1977 and hosted at Atholton High School in Columbia, Maryland.\(^{36}\) The Chinese living in Columbia used to travel to Towson for Chinese school, but forming a Chinese club allowed the Chinese of Columbia to realize the magnitude of their community's Chinese presence and that there were enough people to form their own language school.\(^{37}\) Furthermore, there is an account of a Mrs. Patricia Yee, a native Cantonese speaker, who chose to send her daughters to the Mandarin Chinese school in Columbia.\(^{38}\) This shows a movement away from the acquisition of the Cantonese language and an indirect poaching of potential students from Cantonese schools by Mandarin schools. There was also a Mandarin school established at Dumbarton Junior High, which was relocated from Woodbrook Baptist Church,\(^{39}\) with 120 students enrolled in 1983, much greater than that of the students enrolled in Grace and St. Peter's Mandarin program.\(^{40}\) The school at Dumbarton Junior High near Towson was most likely the school that Columbia's Chinese residents sent their children to before establishing the school at Atholton High.

Another point of note in the education notices is the segregated pricing. The increased price for "non-Orientals" and "non-Chinese" brings up the idea of racial discrimination and cultural gatekeeping, which resonates with Erika Lee's idea of American gatekeeping\(^{41}\) but completely differs in which party initiates the act. This raises the question of what roles


\(^{37}\) Garland, “Adopted Americans—III: Chinese in Columbia continue effort to preserve their cultural heritage.”

\(^{38}\) Garland, “Adopted Americans—III: Chinese in Columbia continue effort to preserve their cultural heritage.”


\(^{40}\) Gunther, “As old ways faded, so did Chinatown: Reversing decay is hope behind pan-Asian plan.”

gatekeeping, discrimination and segregation play in maintaining Baltimore's Chinese language. On the broader scale of the United States, there have been examples in the law of discrimination against foreign language learning, such as a proposed law in 1921 that would have restricted the usage of language in immigrant homes to English and a law that was passed in 1943 that prohibited the learning of a foreign language before the age of ten in Hawaii.\(^{42}\)

There are also instances of racial discrimination surrounding language schools, such as when Cindy Hsu Han and Teddy Lu, both alumni of Maryland Chinese schools in the 1970s and 1980s, "expressed a sense of feeling ethnically marginalized in their day-to-day life within mainstream society."\(^{43}\) Chinese schools were a way for them to escape from that feeling. However, the two Chinese schools, Gaithersburg Chinese School and Rockville Chinese School, respectively, were Mandarin-teaching schools. Nevertheless, this does not show significant influence on a decline in Cantonese or Mandarin schools around Baltimore. Furthermore, discussions with former Baltimore Chinatown community members exposed a sentiment that there was not much racial discrimination towards Chinese in Baltimore.\(^{44}\)

Regarding Chinese-initiated gatekeeping, evidence shows that it had little effect on the interest of "non-Orientals" towards the Chinese language or the cohesion of Chinese and non-Chinese groups. Aside from the Chinese community becoming involved with Western practices such as Christianity, there are records of a young man with Hebrew background immersing himself in the studies of Cantonese and Taishanese at Grace and St. Peter's Chinese school in 1962.\(^{45}\) Below is a picture of the young linguist Stuart Gary Weinblatt, who became interested in

\(^{42}\) Xia, “MAINTENANCE OF THE CHINESE LANGUAGE IN THE UNITED STATES,” 207.

\(^{43}\) Fang, “‘To Cultivate Our Children to Be of East and West’: Contesting Ethic Heritage Language in Suburban Chinese Schools,” 63.

\(^{44}\) History Research Lab community collaboration with Rocky Lee, George Liu, and Vincent Liu.

the Chinese language through his father’s close work with Chinese community members involving insurance. This shows an example of a harmonious relationship between the Chinese community and a foreign presence, undeterred by subtle gatekeeping. As a result, it is not likely that racial discrimination or marginalization played a substantial role in the decline of Cantonese language schools in Baltimore.

As observed earlier, a clear shift from majority Cantonese and Taishanese language learning to Mandarin language learning in Baltimore became prevalent around the start of the

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46 Breen, “A Linguist At The Age Of 9.”
1980s. A large part of this is obviously due to the increased number of Mandarin-speaking immigrants. However, this takes time to happen. Competing Mandarin schools gradually emerged and began overshadowing Cantonese schools in the 1970s, as exemplified by Dumbarton Junior High and Atholton High Schools.

There were signs as early as the 1940s of growth in the Mandarin-speaking population in the United States due to political developments that spurred many to leave Mainland China and, later, Taiwan.48 Then, starting in the 1960s, there were further movements from the same areas toward the United States, and the Chinese in this group helped further develop Mandarin Chinese schools in America.49 Then, in the mid-1970s, immigrants from Vietnam, Cambodia, and Laos further complicated the language demographic; although there were many ethnic Chinese who spoke Cantonese, there was an even wider variety of other languages and dialects, which led to standardization, which led to more Mandarin.50 An example of a situation similar to Grace and St. Peter's Cantonese school's decline, but much more prominent, is the situation of the only Chinese school in Houston, Texas, founded by the Institute of Chinese Culture in 1970.51 This school began with eighty-six students, with four Cantonese classes and one Mandarin class, and over the next couple of decades, it restructured itself into a school that only taught Mandarin.52 Although the shift was not so sudden or intense in Baltimore, the trends are similar enough to corroborate the negative effect of the Mandarin-speaking population's influx on the status of Cantonese language schools.

49 Lai, 319.
50 Lai, 320.
51 Lai, 320.
52 Lai, 320.
Barriers to pedagogy also played a role in the decline of Baltimore Cantonese schools. The existence of schools is predicated on the existence of teachers, and Lillian Lee Kim’s struggle to find teachers was clear. During Kim's time as director of the Cantonese Language school, there was one year, 1971, in which there were no classes due to the lack of teachers.\footnote{Shatzkin, “Language Lessons.”}

Later, in 1983, Kim again struggled to find teachers, saying, "Right now, we have difficulty finding a Cantonese teacher because the people coming over speak Mandarin."\footnote{Gunther, “As old ways faded, so did Chinatown: Reversing decay is hope behind pan-Asian plan.”} The increase in Mandarin-speaking immigrants played a role in the inability to find teachers, but there has also been a stigma around Chinese entering positions in Pedagogy. In high school, Lillian Lee Kim remembers her guidance counselor telling her, "Maryland is prejudiced. You will never be a teacher in the Baltimore public schools. If you want to become a teacher, you must either go out of state or to the territories."\footnote{Kim, “An Early Baltimore Chinese Family: Lee Yick You and Louie Yu Oy,” 166.} Leslie Chin also had similar troubles, as his "grandfather was quite concerned about [his] interest in becoming a teacher."\footnote{Chin, History of Chinese-Americans in Baltimore, 6.} Chin was then given equally disappointing advice from his teacher’s college dean, who said, "Where are you going to teach?... CHINA?"\footnote{Chin, History of Chinese-Americans in Baltimore, 7.} Occurring earlier than the start of the Cantonese school's decline in the 1970s, these two examples of pedagogical barriers for the Chinese in Baltimore took place precisely when aspiring teachers would have been trained to teach during the declining period. As a result, with a drop in the number of Chinese entering pedagogy from the 1930s up through the 1960s, there would equally be a lack of Cantonese teachers from the 1970s onward.

Lastly, Americanization has played a significant role in the decline of the Cantonese language. All alienation and marginalization aside, clear actors were at play, causing young
Chinese Americans to lose touch with their language. First is the influence of official institutions. For example, despite Grace and St. Peter's support for their Chinese school, their goal differed from that of the Chinese congregation, who wished to preserve cultural and ethnic heritage. Contrary to this, "officials of Grace and St. Peter's look[ed] forward to the day the school will have completed its work and can be completely absorbed into the work of the church and the regular church school." Although the church did not directly act on these thoughts, the mindset does not contribute positively to Cantonese maintenance.

Another indicator of Americanization is the influence of the spoken vernacular. Dr. J. S. Wu, a leading figure in the Baltimore Chinese community in 1936, said, "All the boys and girls go to American schools, you know,' and they are fast losing touch with the old customs. They all say 'you bet' and such things as 'hot diggity-dog." In the same vein, many students in China who aspire to attend college in America are encouraged to first build a strong foundation in Chinese culture and ethics before heading to the States. Dr. Wu's examples are one reason why people are warned as such. All this supports claims that Madeline Hsu has made concerning the gradual disconnect between the Taishanese in America and those in China, especially when the greater opportunities available in the United States come into play. Chinese Americans, especially Taishanese Americans, have been influenced by various forms of Americanization, which has caused them to lose touch with their culture and, consequently, their language.

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58 Scarborough, “Americanization And Religion For The Chinese.”
59 The Sun (1837-). “Chinese Here Have Prospered By Giving Aid To Each Other: Dr. Wu, Head Of His 400 Or More Countrymen In City, Credits Harmony Among Merchants To Voluntary Price Levels.” September 27, 1936. ProQuest Historical Newspapers: The Baltimore Sun.
Language schools play an essential role in acquiring and retaining a language, especially for immigrant populations in the United States. In Baltimore, the language schools of the Cantonese-and-Taishanese-speaking Chinese community show a decline in the maintenance of the two so-called dialects. From the quick stint of the first Cantonese school founded in 1932 to the later prospering and then disappearing Cantonese Language School of Grace and St. Peter's Church, a general negative trend starting in the 1970s, can be observed in demand for modes of acquisition of the Cantonese and Taishanese languages. Through analysis of the historic *Baltimore Sun* and writings on the Southern Chinese (Guangdong) communities in Baltimore and other parts of America, I have pinpointed some factors that may have affected the decline of Cantonese language schools in Baltimore. Although they are far from all-encompassing, the causes include barriers to pedagogy, Americanization and detachment from a Chinese homeland, and the influx of Chinese-speaking immigrants. The disappearance of Chinese dialects in America is far from near but starting at heritage language schools, and starting in Baltimore, hopefully the issue can be explored before it becomes a problem.
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Taiwanese Growing Nationality in Sovereignty

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Sovereignty: Historical Perspectives and Contemporary Issues

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Nationality is a crucial component of a recognized state. Under the concept of sovereignty, a strong identity is a necessary aspect that must be considered to build a successful state. This is demonstrated in a case study of Taiwan. Whether Taiwan can be recognized as an independent country or continue to be part of China’s rule has been debated for decades. The clashing views of China’s One China ideology and Taiwan’s belief that it is sovereign become apparent, especially in current times, where most recognized regimes are democratic and liberal. Recently, the issue of nationality has arisen, where people claim that they are not Han Chinese but Taiwanese. With the rise of nationality, the international community’s pursuit of Taiwan’s independence and recognition becomes more plausible. To support this, it is necessary to explore Taiwan’s history, from colonization to the takeover of the Kuomintang to the decline of their power, to explain the origin of the growing nationality. In addition to analyzing Taiwan’s history, examining the current state of nationality and patriotism illustrates the continual interest in promoting the Taiwanese identity. Lastly, a conclusion is drawn by applying Taiwan’s case to the concept of sovereignty and its current relationship with China and the international community. Even though Taiwan is not currently recognized as a state on a global scale, Taiwan’s evolving identity contributes to the possibility of becoming a distinct, fully recognized, and independent nation, where it is no longer under direct or indirect external rule and isolated itself from the One China ideology, supporting the idea that nationality is a crucial factor in building a flourishing state.

It is crucial to analyze the brief history of Taiwan, from the colonization of Japan to the migration of the KMT government. The effects of the KMT government are addressed, specifically on the issue of how KMT rule has impacted the spark of a growing national identity. Then, the current status of the Taiwanese identity and Taiwan’s nationality has affected
the relationship between Taiwan and China is discussed. Lastly, an analysis is drawn to explore how Taiwan’s nationality applies to the concept of sovereignty and how Taiwan’s growing identity has impacted its political and economic status, which contributes to the potential of becoming a fully recognized state.

Before analyzing Taiwan’s evolving identity and its contribution to its growing deviation from the One China ideology, it is important to analyze where the sense of nationality emerged by analyzing Taiwan’s history. Before the arrival of the Nationalist government or KMT, Taiwan was a colony of Japan. Despite the animosity towards Japan’s takeover and its ill-conceived attempts to resist the occupation, the Taiwanese population gave in and “...came to accept Japanese rule from a mixture of motives: the futility of resistance, fear of punishment, benefits of collaboration, and genuine admiration for Japanese accomplishments.”1 However, after World War II and the civil war in mainland China between the Nationalist Party and the Communist Party, a significant change occurred on the island that impacted the Taiwanese population. The migration of the KMT government affected the Taiwanese population detrimentally. The mistreatment of the Taiwanese population by the KMT government evoked feelings of resentment. Dreyer explains that although “Many of the island’s inhabitants were pleased to see the end of Tokyo’s draconian rule…the arrival of Chiang Kai-shek’s corrupt Kuomintang (KMT) government and his ill-disciplined soldiers quickly led to disillusionment and discontent.”2 Despite the growing resentment towards the newly arrived migrants, they were powerless to challenge the KMT. Chiang Kai-shek’s forceful attempt to assimilate the Taiwanese people were strong. His mission was to use Taiwan as the representation of the true

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2 Ibid.
China, which he attempted to achieve by forcing the Taiwanese people to legitimize and accept his government. This led to the forceful execution of his plan, turning the aboriginal people into Chinese and eliminating the Taiwanese culture, such as dramatically changing language and media.\(^3\) History was rewritten to portray Taiwan as part of China. They were forced to learn Mandarin instead of Hakka, the original Taiwanese language. Most of all, heavy censorship and propaganda were implemented in all media.\(^4\) The attempt to wipe out the indigenous culture was vigorous.

Taiwan has been under external rule for centuries, from the colonization of the Spanish, Dutch, and Portuguese to the colonization of the Japanese to the assimilation of the KMT. The aboriginal population continued to be powerless in resisting these external regimes until the incident on February 28th, 1947. This impactful event sparked the interest in pursuing a separate Taiwanese identity, which is demonstrated by Dreyer when she explains that “In late February 1947, a scuffle between soldiers and a crowd protesting the military’s mistreatment of an elderly woman who was selling cigarettes without a license led to a massacre. Thousands of Taiwanese were slaughtered with little regard for their actual complicity in the incident. This traumatic event left searing memories in the consciousness of Taiwanese residents, and what came to be known as the ‘February 28 incident’ was perhaps the first marker in the development of Taiwanese identity in the twentieth century.”\(^5\) The incident was significant because it touched the consciousness of the Taiwanese population, who had bottled up decades of resentment, animosity, anger, and grief.\(^6\) When the KMT’s power began to dwindle, the timid Taiwanese

\(^3\) Ibid.  
\(^4\) Ibid.  
\(^5\) Ibid.  
people began to regain their identity by utilizing methods of democracy, such as organizing protests. The Kaohsiung incident of 1979 continued to inspire the Taiwanese people. The government arrested protestors, tried, convicted, and sentenced protestors to prison. These protestors shed light on the issues and effects of forced assimilation, which was illustrated by the loss of their indigenous language and ethnic culture. These protests were not futile. It led to the abolishment of martial law by Chiang Ching-Kuo, who is “...credited with making the courageous and wise decision to guide Taiwan into a truly democratic phase.”\(^7\) This led to the transition from an authoritarian regime to multi-party constitutional democracy by Lee Teng-hui, the father of modern Taiwan. Opposition parties were allowed to compete in elections. Censorship in the media was lifted. History books were rewritten and the Taiwanese language started to be studied and utilized in political campaigns.\(^8\) The population was able to regain their culture and identity.

As Taiwanese identity continues to grow, divisions emerge. Taiwan no longer consists of only Taiwanese people but also includes the descendants of Han Chinese migrants. Lee Teng-hui believed that the ethnic divisions in Taiwan should blend, where anyone who was born in Taiwan is considered the “New Taiwanese,” including aboriginal people.\(^9\) He believed that the identity of the island’s democratization cannot be based on indigenous people alone; descendants of those who migrated to Taiwan should also play a prominent role in shaping Taiwanese nationality.\(^10\) The descendants of those who migrated to Taiwan have little to no recollection of China. Furthermore, the intermarriage between the two ethnicities blurred the

\(^7\) Ibid. \\
\(^9\) Ibid. \\
\(^10\) Ibid.
distinction. Rigger demonstrates this when she states, “Meanwhile, adding to the complexity of ethnicity in Taiwan are processes that both mute ethnic identities and pluralize the ethnic arena. In the 1990s, the Taiwan government stopped imposing ethnic labels on its people. By removing provincial origin from the official identification issued to each Taiwanese, the state signaled that individuals would no longer be categorized according to the province of origin of their ancestors.” Recently, the attempt to demarginalize Taiwanese culture and promote a Chinese culture distinct from the Chinese identity in mainland China has been emerging. From the oppression of the Taiwanese population and the attempt to eliminate Taiwanese culture by the KMT to the current growing Taiwanese nationality, it has made progress in its step toward recognition as a sovereign nation, which is demonstrated by Taiwan’s history.

Regarding how nationality contributes to the current relationship between Taiwan and China, Dreyer illustrates an excellent point: regardless of whether China is democratic or has the same standard of living as Taiwan, the Taiwanese history and culture, which defines their identity, is contrasted heavily. Those who are born in Taiwan, whether they are descendants of Chinese migrants or indigenous, consider Taiwan as their homeland, which means that China’s consistent threat towards Taiwan paints an image that is “... patronizing, condescending and completely unsympathetic to the identity conundrum.” As a result of China’s provoking behavior, the original ideology of a reunified China has become increasingly isolated. There is a “...growing tendency for Taiwan residents to call themselves Taiwanese, as opposed to Chinese

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12 Ibid.
or both.” Furthermore, the growing identity is often used to debate Taiwan’s political future. As Gold explains, many suspect that the growing nationality is separating the Taiwanese people from the ideology of unification with China, where the increasing Taiwanese identity will be the cause of Taiwan’s formal independence. Therefore, we can infer that the evolving Taiwanese identity provides a possibility of independence for Taiwan because of its effect on political and economic development. Thus, the growing identity can be applied to the concept of sovereignty, specifically on how nationality can influence the formation of a recognized state and Taiwan’s potential to become a recognized state. The importance of this evolution of Taiwan’s nationality is illustrated by J. Samuel Barkin and Bruce Cronin when discussing the modern concept of nation and the balance between state sovereignty and national sovereignty. They claim that modern nationalism “...is the claim that nations should be politically self-determining and that group sentiment (national solidarity) should serve as the sole criterion in defining the nation. The nation-state is accordingly legitimated to the extent that it represents the political aspirations of a particular nation.” From the concept of modern nationalism, Barkin and Cronin argue that although state sovereignty is crucial in building a successful state as well as becoming recognized by the international community, the legitimacy of the political institutions stems from national self-determination.” In the current era, national self-determination provides the foundation for a legitimate, stable state that “...conform with the international community’s conception of justice.” Therefore, Taiwan’s evolving nationality is the backbone of its statehood. Combining the growing nationality with a democratic regime, the

15 Ibid.
16 Ibid.
18 Ibid.
19 Ibid.
will of the Taiwanese people is reflected in the state’s political institutions, which provides the possibility of becoming recognized by the international community.

During Nationalist rule, the KMT lost international recognition, which was essential in presenting itself to the international community as the legitimate regime of all of China. The international community questioned the hypocrisy behind the KMT claiming that Taiwan is the “Free China” when in reality, it executed political monopoly and oppression.\(^\text{20}\)

Furthermore, the United States no longer recognizes the Republic of China under KMT rule, shifting its recognition to the People’s Republic of China instead. As a result, the derecognition “...undermined the credibility of the one-China myth among the people the KMT claimed to rule.”\(^\text{21}\) Therefore, the shift of recognition stimulated the ideology of an independent and recognized Taiwan. Additionally, the isolation of Taiwan in the international community continued to support the ideology that Taiwan needed to create an international and cultural identity that was distinct from China, which was supported by the United States when it “...announced its intention to recognize the PRC, break relations with the ROC, and abrogate the mutual security treaty of 1954.”\(^\text{22}\) As a result of the KMT’s loss of recognition as the legitimate regime of Taiwan, its dwindling authoritarian power began to transition into democratization, where democratic liberal practices were utilized. Economically, Taiwan experienced rapid industrialization and economic expansion, known as the Taiwan Economic Miracle, and became one of the “Four Asian Tigers.” As Tu describes it, “Taiwan's economy, characterized by the entrepreneurial ingenuity of small and mid-sized industries, is already

\(^{22}\) Ibid.
fully internationalized. Its democratization, under the slogan ‘sovereignty resides in the people,’ has been progressing well…”

Currently, Taiwan is a crucial part of the international trade in the Strait and maintains a civil government.

From its political history, a question emerges: how did Taiwan’s current success unfold from becoming oppressed under the KMT to a democratic state? Conceptually, the KMT did not lose the state first. Instead, it lost control over society, and then the state was lost with it. The reason for this is that the KMT abused its power by imposing its favored identity upon the people of Taiwan in its efforts to prove to the international community that their nationality is the true China. The KMT’s attempt to link its legitimacy to the international community, instead of the Taiwanese people, led to the loss of their recognition because their endeavor was pursued by force, which did not reflect the will of the Taiwanese population. Reverting to Christopher J. Bickerton’s discussion on state failure, the concept that political institutions depend on the willingness of the population in a society and that “If people’s hopes, interests and desires are mediated through so many external forces […] These institutions, as a consequence, will be less the creations of the people in question, and more products of external interests” can be translated to an unwanted government, which in this case is the KMT government whose institutions and policies did not reflect the desires of the Taiwanese people. Therefore, the KMT failed in state-building because it abused its power, which led to the emergence of a power in opposition of the KMT’s rule. Taiwan gradually became a civic nation, which Rigger categorizes into Jurgen Habermas’s definition: “The nation of citizens does not

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25 Ibid.
derive its identity from some common ethnic and cultural properties, but rather from the praxis of citizens who actively exercise their civil rights. At this juncture, the republican strand of ‘citizenship’ completely parts company with the idea of belonging to a prepolitical community integrated on the basis of descent, a shared tradition and a common language.”

The essential tool that Taiwan utilizes is democracy. There is a consensus on the decisions made. Therefore, as Rigger explains, whatever idea is presented, the Taiwanese people will not reject the thought if it was decided through democracy. By utilizing participatory democracy, which has never been executed before in Chinese history, there was an increase in public enthusiasm and patriotism, which expanded civil society.

Although Taiwan is a democratic liberal and civic nation, the question of it becoming recognized remains. How will self-identification contribute to answering whether Taiwan should be considered independent and recognized or if it should be an economic bridge to China? There is no definite answer to this question, but analyzing all the aspects of sovereignty illustrates the possibility that Taiwan can be independent after centuries of external rule. According to Rigger, nationality is “...a sense of shared identity among people who believe in their belonging to the same nation but do not necessarily demand that the nation constitutes one sovereign state.”

Taiwan’s current nationality status agrees with the first part of the definition in that even though there is a division in ethnic identities, each of them believes they belong to Taiwan. Regarding the second part of the definition, the Taiwanese population has always considered Taiwan to be a sovereign state, even if it is not considered so by China or the United

28 Ibid.
States. As Rigger explains, “Presidential statements referring to Taiwan as a state in 1999 (by Lee Ten-hui) caused consternation in Beijing and Washington, but provoked little reaction in Taipei…Because to Taiwanese, the idea that Taiwan is a sovereign state is self-evident. Many Taiwanese support moves such as adding ‘Taiwan’ to the passport cover…because they believe these are the things states do, and the ROC is a state in their eyes.”\textsuperscript{31} The Taiwanese people believe that they are sovereign because they meet the following criteria. According to Stephen D. Krasner, conventional sovereignty is defined as “…a world of autonomous, internationally recognized, and well-governed states.”\textsuperscript{32} In Taiwan’s case, democracy is their supreme authority over a restricted territory, which is the island itself. Some states recognize Taiwan from an economic standpoint because of its economic influence on the international market. However, the international community does not fully recognize it as an independent sovereign state. The question is: why is Taiwan not recognized when they act and regards itself as an independent sovereign state?

Part of the answer resides in Taiwan’s relationship with China, politically and economically. The One China ideology has been embedded in Chinese politics for decades. Those in mainland China hoped that Taiwan would be under the regime of the Communist Party. However, the Taiwanese people disagree, mainly because of their confrontational relationship. The evoked threats and violence—such as the Thousand-Island Lake incident in 1994, where 24 Taiwanese tourists were robbed and murdered—painted China as unsympathetic and authoritarian. Tu describes the tension between Taiwan and China socially when he states that “What has been romanticized motherland, even for native

\textsuperscript{31} Ibid.
Taiwanese, has been transformed into a disenchanted marketplace [...] Despite great potential for fruitful cross-Strait interaction in goods, services, information and ideas, suspicion looms large in the minds of Taiwanese officials…”因此，有强烈的国内推动力求独立和认可。然而，大陆与台湾之间存在一种特殊的经济关系，允许大陆利用台湾获取杠杆。据图说，台湾希望成为“中国经济发展模式…”但因为内部政治冲突，在其推进自由化过程中，需要大陆的同意和参与，才能参加国际贸易。因此，台湾在国际经济事务中取得了一定的和平与繁荣，因为中国愿意参与和贡献于全球市场作为单独的国家。这被图所展示，当图说，“经济全球化要求台湾作为一个独立的政治实体得到认真对待。然而，台湾领导层越坚持正式承认其独立地位，大陆反对势力从大陆方面寻求对台湾的控制就越大。讽刺的是，台湾能够扩大其国际代表性的能力依赖于大陆在某种程度上的默许接受它作为一个地理政治现实。”台湾在全球经济问题中的身份是，国际市场担心台湾民族主义的上升将干扰两岸关系。台湾的经济扩张需要它成为一个自治的国家在国际市场，但给予自治会危及它的国际经济交往，因为其与大陆的复杂关系。
this economic factor seeping into the cultural tension between the Chinese and Taiwanese, it
is inevitable that the Taiwanese identity clashes with the Chinese nationality.

Despite Taiwan’s poor relationship with China, demonstrated by China’s continual
leverage in Taiwan’s economic expansion in the global market and threat of takeover, it is still
evident that Taiwan’s growing nationality has contributed to its current progress in its transition
from an authoritarian regime to a liberal democratic government and its expanding global
economy. Its developing nationality continues to be crucial for Taiwanese society. Furthermore,
the changes in political ideals provide attention to the other liberal democratic states. As Tu
explains, “The strategy of building a new Taiwanese identity based on political realities of
liberalization and democratization has a great deal of persuasive power in the international
community. Taiwan’s image as a liberal democratic country strikes a strong sympathetic
resonance, particularly in the United States and Japan.”38 However, there is a caveat to relying
on Western recognition and support. With the current relationship between China and the United
States, Taiwan may be caught in a crossfire between the major powers, disrupting the peace and
prosperity it has been maintaining.39 Therefore, controlling the growing nationality is crucial to
preserve its current success. Tu emphasizes this caveat when he states, “...the continuous vitality
of Taiwan’s liberalization and democratization depends on the developing of mediating cultural
institutions that are congenial to the formation of civil society, the creating of a public sphere
and cultivation of constitutionalism. [...] It is certainly ill-advised to think that Taiwan can play
its politics of recognition without facing the challenge of cultural identity prompted by its
internal political dynamics.”40 With Taiwan’s growing nationality and support from the United

38 Ibid.
39 Ibid.
40 Ibid.
States, it is plausible that an anti-Sinitic ideology might be embedded into Taiwan’s culture, politics, society, and economics, which is risky for Taiwan and the United States’ relationship with the global economic power that China obtains.\textsuperscript{41} Tu illustrates this concern by stating, “It will certainly be detrimental to Taiwan’s peace and prosperity to formulate a primarily anti-Sinitic cultural identity for the sake of international (mainly American) politics of recognition.”\textsuperscript{42} Despite the caveat, Taiwan’s progress in nationality has been attributed to political and economic development, which led to some official recognition from important countries. Even though the majority of the international community does not recognize Taiwan as a sovereign independent state, its current progress in defining its cultural identity is a large step towards full independence and recognition.

Analyzing Taiwan as a case study for the importance of nationality in a sovereign state demonstrates that nationality is crucial for state-building. It is a significant aspect that affects a state’s political and economic standpoint and progress. Even though Taiwan is not currently a sovereign state in the eyes of the majority of countries, its history and current status as a developing nation, socially, politically, and economically, illustrates the powerful effect that nationality has in successfully building a state. The history of colonization to the oppressive and dwindling power of the KMT, the transition from an authoritarian regime to a democratic liberal, and the rapid global economic expansion demonstrates the impact that a strengthening national identity has on its step toward becoming internationally recognized.

\textsuperscript{41} Ibid.
\textsuperscript{42} Ibid.
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Property Law in Aceh Through the Political and Religious Looking Glasses

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Democracy, Autocracy, and Economic Development: Indonesia, Korea, and Myanmar

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Introduction

In 2005, the Indonesian province of Aceh made headlines when its newly empowered “Shariah” court system punished six criminals by caning. Unbeknownst to most observers at the time, the incident which garnered hefty criticism from the international community and complicated the reputation of the ostensibly “moderate,” secular Indonesian state, the canings were the culmination of decades, if not centuries, of ferment in the plural society of Aceh that represented not only the encroachment of “Islamification,” but also a careful balancing act between various interest groups in the region. In this paper, we outline the background, dynamics, and institutionalization of Islam and law in Aceh.

History

In this section, we outline the most important aspects of the history of law in Aceh. Along the way, we also hope to introduce and historically contextualize the complex dynamics of power between state, mosque, and society that will become a running theme in this paper.

Before the New Order

Legal pluralism, defined as the coexistence of various legal regimes,¹ has a long precedent in Aceh; prior to the arrival of the Dutch in the late nineteenth century, adat, syariah, and the state interacted to produce a legally pluralist system of carefully intermingled and balanced powers.²³ When the Dutch began their colonial project, they purposefully elevated adat over syariah with the intention of sewing division between the aristocratic uleebalang and

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the religious scholarly class of the *ulama*. The independence movement in Aceh was largely led by the sidelined *ulama* against the Dutch and their allies in the *uleebalang* class in what became known as the Cumbok War. The main organization for the Acehnese *ulama*, the *Persatuan Ulama Seluruh Aceh* (PUSA) had been promised the preservation of their unique system of Islamic justice (*Mahkamah Syariah*), but this was never fully enacted, leading to a rebellion led by PUSA and its founder Teungku Daud Beureueh in 1953.

Eventually, the young Indonesian state under the direction of Sukarno managed to subdue the rebellion through a combination of military strength and concession. Although Aceh had some autonomy ostensibly returned, these reforms mostly stayed on paper. The Indonesian state in some ways behaved as a continuation of the colonial structure, as a modernizing, unifying system that ran up against and momentarily overran local systems built on religion and custom. In fact, it was not uncommon to see Acehnese independence leaders accuse the Javanese of being new “colonizers.” This unsatisfactory state of affairs persisted until it was disrupted by the arrival of the New Order.

**During the New Order**

With the support of the military, PUSA reorganized itself into the *Majelis Permusyawaratan Ulama* (MPU), which enthusiastically participated in the downfall of the Sukarno regime. Compared to the Sukarno era, the New Order brought a period of Islamic revival. Even as the MPU lost most of its independent sources of power, it did so via its co-

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5 Ibid.
6 Ibid.
option by the Suharto regime, leading to the rise of a new class of ulama who were employed by state coffers at various madrasa, local bureaucracies, and courts. However, the influence of these scholars did not penetrate very deeply into rural areas, where a more conservative and less government-friendly strain of Islamic jurisprudence persisted.

However, the New Order was marked by the tightening rather than the relaxation of the unitary impulses that had governed state policy since the colonial era. This culminated in the promulgation of Law no. 5 of 1974 on Regional Government, which scrapped the special status Acehnese law courts. The province broke into rebellion just two years later under the leadership of the Gerakan Aceh Merdeka (GAM, also known as Free Aceh).

After the New Order

Following the collapse of the Suharto regime, a brief period of violence was followed by a slew of reforms implemented by the new democratic regime (reformasi), including the reintroduction of special status for Aceh (Law 44/1999) and the official reinstatement of shari’a (Law 18/2001). However, Law 18/2001 was riven with ambiguity, especially on whether it provided the Mahkamah Syar’iyah authority over criminal (jinayah) cases. Attempts to clarify the ambiguity with follow-up legislation were perceived as stripping the Mahkamah of previously held powers over jinayah. Eventually, conservative Acehnese bypassed the central

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10 Ibid, 12.
12 Salim, “Shariah From Below.”
government to develop plans for referring *jinayah* cases to the Mahkamah by sometime in late 2004, when disaster struck.\(^{17}\)

What was later called the Boxing Day tsunami was a tragedy of awful proportions; the disaster left more than 240,000 Acehnese men, women, and children dead or missing.\(^{18}\) The impact of its destructive effects was only exacerbated by the fact that Aceh was not only a post-disaster but also a post-war site, where years of conflict made the destruction of essential infrastructure that much more inimical to the delivery of aid and process of reconstruction.

There is an intense scholarly debate over the extent to which the tsunami was responsible for two subsequently remarkable developments: the first *jinayah* cases tried by the *mahkamah*, leading to the caning of six convicted criminals in June 2005 and the signing of a peace treaty between GAM and the central government in August. The purpose of this paper is not to participate in this debate, but rather to simply outline just how seismic these changes were. After decades, arguably centuries, of extreme violence and encroachment from outsiders, Aceh is experiencing a peculiar period of judicial freedom and relative peace. However, it is also safe to say that for all the radical changes of the past few decades, the new political order of Aceh is, like in previous eras, not devoid of consistent contestation.

**Efficacy**

This next section will evaluate the effectiveness of property rights in protecting citizens in Aceh. The current property law barriers of Aceh can be seen curbing local and community development in favor of larger businesses or corporations. Currently, tensions exist within the government over its conflicting role at times of developing local communities and providing community benefits while also attempting to generate economic growth through private

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\(^{17}\) Salim, “Dynamic Legal Pluralism,” 15.

investments. Most government actions and policies currently aim only to impede community innovation and investment through property laws. As mentioned previously, after the Tsunami in 2004, there was a flood of NGOs and foreign direct investment into Indonesia, specifically Aceh. These new investments gained a large amount of government assistance as the government prioritized economic growth over local communities. Most government officials are even reluctant to introduce new legislation that "recognizes and registers local rights or engages communities in participatory planning" despite local governments' encouragement and calls for innovation.\(^{19}\) Accompanying this reluctance for legislative action is a selective implementation of current legal infrastructure, including the "monitoring and enforcement of development conditions within the private sector land use licenses," which only benefits private-sector investments.

Although there are many general barriers in the property law system, there are cases where the government works to assist communities with property rights and conflict resolution. There is a current land conflict in Aceh Singkil between the local community and PT Ubertraco/Nafasindo, a Malaysian-owned palm oil company. The conflict started after Ubertraco/Nafasindo obtained a right to exploit (HCG) concession from the government that was issued for an area of forest in the Kota Baharu district in 1988 and did not develop much of the land.\(^{20}\) However, the concession had no clear boundaries and disputed territory. This leads us to more recently, where around "four thousand households from twenty-two villages in Aceh Singkil " claim ownership over the disputed land. Since this issue has been brought to the


attention of the district government of Aceh Singkil, there have been "various meetings and actions involving the district government, the district BPN office, the company, the twenty-two village communities, the Aceh government, and the provincial BPN office." The fact that the government has taken such an active role in assisting with this issue demonstrates that the government does, to some extent, protect the property rights of citizens and does not always favor large corporations or businesses. President Widodo has also taken steps to try and combat this favoring of the private sector and business as he "prioritized reallocation of degraded state forest areas, abandoned private land, and expired concession licenses to the poor; converted a temporary moratorium to a ban on exploitation of 66.2 million hectares of primary forest and peatlands; and exerted pressure to pass the new land law." These new laws will give local communities the opportunity for innovation and better property rights.

In Aceh, there are three legal regimes: family and succession law through Shari’a law, State law, and the Adat system. The Adat system contains many structural barriers that hinder citizens. Due to the conflict over Acehnese independence, fear and distrust of the Indonesian governmental institutions developed, which has led to a preference for the Adat system for land tenure and property customs. The Adat system could be more effective at protecting the property rights of all citizens as it currently systematically discriminates against certain groups such as women and ethnic or religious minorities, partially because the Adat system is heavily dominated by men and members of the population’s majority.\(^{21}\) The system is also highly susceptible to elite capture and third-party interests. The property rights documentation processes in the Adat system remain mainly inaccessible to vulnerable populations such as women and minorities due to high costs and bureaucracy, or in the case of informal settlements in urban areas, due to illegality and

zoning restrictions. This lack of rights further compounds the vulnerability of these populations, as they may be unaware and detached from many service providers, such as those that provide water, sanitation, electricity, and in some cases, health services. A study conducted by Brawijaya University in Indonesia demonstrated that the legal policy of Qanun RTRWA (Law Ideology of Qanun Aceh No. 19 of 2013 on Spatial Planning Aceh province Years 2013-2033) based on sustainable spatial planning was more focused on economic interests, which marginalized the value system and interests of indigenous communities and neglected the indigenous customary law community of Mukim.22

These issues and more within the Adat system would be completely exposed with the Tsunami. During the Tsunami, about 300,000 parcels and 150,000 hectares of agricultural land were destroyed.23 In order to try and deal with this new land loss and a large number of casualties, the government tried to recover land records, but that did not prove easy. Only about twenty-five percent of the land in Aceh was registered and stored, as no records are physically stored in the Adat system. The Badan Pertanahan Nasional (BPN), or National Land Agency of Aceh, was not much better, as it suffered from corruption and inefficiency. This contributed to much confusion for the government and local communities when redistributing land. With the land that remained, some boundary lines were lost or unclear as the land had changed. Renters and squatters now had to acquire tenure security to obtain new livelihoods despite not owning any records. The Adat system was in chaos with the number of casualties. Overall, the property rights in place are ineffective at protecting all citizens in Aceh.

Religiosity

In this section, we argue that the defining characteristic of the Acehnese legal system is its religious influence. *Syariah*—the Islamic legal code—not only permeates the language and implementation of Acehnese civil *adat* (customary law), but also determines the actions of Acehnese law enforcement regarding morality and criminality. GAM leaders initially rejected the implementation of Islamic law, stating that the desire for Acehnese autonomy was more a culmination of political grievances rather than religious fervor. However, when presented with the conditions for special autonomy at a meeting with Jakarta officials in Helsinki in August of 2005, the option to institute *syariah* throughout the province was offered as a concession—and accepted.

Organization and Administration

The *Dinas Syariat Islam* was established in 2002 for the standardization and regulation of *Syariah* interpretation. This marked the beginning of religious law in the province, with judicial approval of the first *syariah* bylaws banning alcohol consumption, gambling, and unsupervised meetings with members of the opposite sex (*khalwat*) in 2003. The development of the Acehnese Islamic Criminal Code (*Qanun Jinayat*) further institutionalized *Syariah* in legal settings upon its implementation in 2009 and revision in 2014. *Syariah* law continues to be applied in myriad venues of society by the *Syariah Courts* (*Mahkamah Syariah*), Islamic Scholar Consultation Council (*Majelis Permusyawaratan Ulama*), and *Syariah Police* (*Wilayatul Hisbah*).

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25 Ibid.
26 Ibid.
**Property Law**

Land and property are two subjects for which *syariah*—and *syariah* as it manifests in *adat*—also guide legal theory. For example, Acehnese *adat* mandates the attempted resolution of property title and inheritance matters at the village level if they cannot be resolved within the family. However, it is village religious scholars and *imeum* occupationally tasked with the enforcement of *syariah* who customarily facilitate such resolutions.²⁸

If a resolution is not reached at the village level, the matter is taken to a local *syariah* court. Although there exists much variance in the interpretation of *syariah* specifics from local court to local court, there is a general preference for male land ownership among Acehnese *qadi* who reportedly disregard Sumatran customary traditions of matrilineal inheritance on a regular basis.²⁹ In the case of negotiations of property ownership in the aftermath of the 2004 tsunami, hundreds of widows were barred from claiming land without remarriage, and orphaned daughters were denied customary inheritance of familial property despite the provisions of the Reconstruction of Aceh Land Administration System (RALAS), which allowed for land reclamation on the basis of familial relation.³⁰

It is also worthy of note that the village *imeum* oversees the communal safe-keeping of land title documents—a literal and metaphorical representation of the supremacy of *syariah* in Acehnese property law. In the case of property sale, both *syariah* and Acehnese *adat* restrict the pool of potential buyers to the surrounding village.³¹ If no village residents purchase the property, then it is auctioned to a nearby village or leased to those outside of the region with the

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²⁹ Ibid.
approval of village leaders and a mandate of syariah-compliant payment (ie, no interest).\textsuperscript{32}

Indonesian federal law does not permit the sale of Indonesian property to outsiders, so the insular nature of Acehnese real estate is not surprising.\textsuperscript{33} However, the strict regulation of the Acehnese real estate market is concerning as severe limitations on property ownership are a deterrent to both Indonesian and foreign investment in local enterprise which could potentially improve Acehnese economic outcomes.

Despite its pluralist demographic, there exists an intensifying link between masjid and secular state in Indonesia’s semi-autonomous province, Aceh. This link manifests itself in the form of increasingly pervasive enforcement of syariah law in all sectors of governance—including the legal processes of property management which we have examined in this work.

**Conclusion**

As we hope to have demonstrated, the question of law in the state of Aceh is not simply a doctrinal problem of local importance. For one, people’s lives are at stake—whether it is those of the criminals who are caned instead of imprisoned, the loss of power and dignity for women or minorities, or even the consequential gain of power for religious and local interests. But even though the recent transformations in the legal world of Aceh undoubtedly represent many longstanding, parochial traditional struggles between provincial, religious, and central state actors, also at play are larger issues concerning the limits of the secular nation state in the face of both minority and entrenched conservative actors, something which has wide implications for the Indonesian state, and for liberal societies broadly as they attempt to negotiate a paradoxical balance between a universal system of rule of law and a respect for local traditions and values. Just as how distant, almost imperceptible tremors can trigger catastrophic oceanic waves,

\textsuperscript{32} Ibid.
\textsuperscript{33}Ibid.
scholars of law and the state would do well going forward to pay closer attention to the intense period of change that is being experienced by the province of Aceh as liberal nation states worldwide attempt to tackle similar legal questions and endure similar travails.
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Section II
Gender Issues in East Asia
Gender Equality On Hold in China: Gender Antagonism in Online Discourse, the Diminishing Female Voice, and Chinese Governance

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Social Problems in Contemporary China

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Introduction

China signed “The Convention on the Elimination of all Forms of Discrimination Against Women,” an international treaty adopted by the United Nations, in 1980, opening a new chapter in China’s governmental and administrative intervention in gender inequality. In 2022, China declared its revision of the Law on the Protection of Women’s Rights and Interests first promulgated in 1992 with more specific changes and regulations regarding the gender discrimination and prevalent sexism de facto towards women in China today, claiming that the government can adopt temporary special measures to guarantee gender equality. This is not the Chinese government’s first nor only attempt at promoting women’s rights through the legislature. Other examples include the Employment Promotion Law first issued in 1995, Special Rules on the Labor Protection of Female Employees first proclaimed in 1988 and then revised in 2012, and general plans like The Outline for Women’s Development in China, all designed to maximize women’s status in the workplace, access to education, safety and more. Unfortunately, the reality of gender equality de facto in China far differs from the idealistic blueprint painted under the laws.

Recently, there has been a new internet phenomenon of growing tension and hatred between men and women on social media and increasing discourse on gender equality. Although discussion of gender equality has taken place before, the current discourse received unprecedented attention. You can scroll through Douyin, Weibo, or any other popular Chinese social media platform, open up the comment section and see at least one comment that relates the

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1 Standing Committee of the National People’s Congress. Law on the Protection of Women’s Rights and Interests. Beijing, China: 2005.
2 Standing Committee of the National People’s Congress. Law on the Protection of Women’s Rights and Interests.
3 Standing Committee of the National People’s Congress. Law on the Protection of Women’s Rights and Interests.
content of the post to gender. A short makeup tutorial on Douyin can spark a discussion of makeup being the product of the male gaze. Does such widespread attention mean that China is moving closer to gender equality? Despite popular discussion and the revision and promulgation of new laws that supposedly protect women’s rights, women’s social status remains low and women’s seemingly prominent online presence is faltering. “性别对立,” translated as the opposition of sex, has been under increasingly heated discussion in the past two years, with the root of the antagonism deriving from a conflicting attitude towards the discussion of gender and feminism. Women have become more vocal online about women’s rights in response to prevalent cases and crimes of gender discrimination. Some men, on the other hand, are frustrated about gender becoming the center of social discourse and see women’s online activism as radical and unnecessary. Men see women’s online presence as proof of their access to power and gender equality but neglect the fact that social media is one of the only outlets and safe spaces for women. As men boycott and attack feminist-leaning public figures, the animosity across the two sexes exacerbates online. In this paper, I attempt to answer the question of why there is a growing online discourse around feminism and anti-feminist backlash, and the role of the state in this matter. I argue that the growing online discourse stems from the introduction and popularization of feminism via social media platforms and that the voice women seemingly have online misleads men on the Internet to believe gender equality has already been achieved, thus turning every attempt to improve women’s rights into an unreasonable demand for privileges. The government favors and implicitly supports the fermentation of such antagonism because male backlash acts as an organic force that counters feminism, a form of autonomous organization with potential connections with the international community that the state fears.
The Discourse Began with a Joke

In 2020, the discourse on gender inequality and its opposition in China began with a standup comedian, Yang Li, whose observation of mansplaining challenged male-dominant social norms and dynamics and triggered unprecedented discussion online. In 2020, Yang said the most famous punchline of her career, “Why is he so mediocre and average, yet so confident?” in a popular show named *Rock & Roast.* Not only did this comment prompt her rise to stardom, but it also brought attention from men of all walks of life. Notably, college professor Chu Yin responds to Yang’s punchline, saying, “Do men need to be special to be confident in front of women? They might be mediocre but you might be very ugly without makeup. You think you are a little princess?” Chizi, a fellow standup comedian and former colleague of Yang, comments that “proper standup is definitely not what Yang Li does,” chiming in on this collective attack. Why do so many people take offense to such a supposedly entertaining joke on a variety show? Yang Li herself explains that “a punchline hits only because people resonate with it.” Indeed, very quickly after the show aired, the female audience cheered the comedian on by calling her a representative of the female voice and the punchline itself quickly evolved into *puxinnan,* a shorter term referring to an average yet self-conceited man, and became viral online.

This stark contrast between male and female responses derives from women’s excitement at the dissolution of traditional gender vernacular where women are always at the center of foul language. For example, Chizi once joked about the age of an actress and said, “No offense, but

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5八卦来了鸭, “杨笠.”
6八卦来了鸭, “杨笠.”
being this old, it would be incest if I masturbate looking at your photo.”\textsuperscript{8} It is not surprising to see how the degradation of women is so normalized and desensitized when considering how the Chinese language itself is inherently misogynistic. Some examples include how negative words such as monster (妖怪) and jealousy (妒) all have women (女) in them.\textsuperscript{9} Therefore, the creation of puxinnan is groundbreaking in that, for once, there is a derogatory word that targets and involves men. Yang Li serves as a fuse that unprecedentedly challenges the long-ignored yet extremely unbalanced language dynamics in the Chinese patriarchy, thus resulting in men’s shock, outcry, and frustration.

**The Feminist Awakening and Weibo Feminism**

Yang Li received overwhelming backlash and support because her opinions echoed the rising feminist force in China in this age of feminist awakening. The popularization of feminism in China began with the MeToo movement in 2018. As MeToo reached its height overseas, Zhou Xiaoxuan, a former reporter, accused Zhu Jun, a famous TV host on CCTV, of sexual harassment, kicking off China’s own MeToo wave.\textsuperscript{10} In July 2020, the MeToo movement had its first success when Liu Li won a lawsuit against her former boss for sexual harassment allegations, making it the first successful trial of sexual harassment in Chinese history.\textsuperscript{11} Gradually, the MeToo movement extended beyond sexual harassment cases and became a symbol for seeking and preserving female rights.\textsuperscript{12}

\textsuperscript{8}八卦来了鸭，“杨笠.”
\textsuperscript{11}Zhao, “向历史要答案.”
\textsuperscript{12}Zhao, “向历史要答案.”
Social media played a fundamental role in both the growth of the MeToo movement and the discourse around Yang Li through accelerating women’s access to information. Before, all women’s representation in China was monopolized by the All-China Women’s Federation, authorized by the government. Any other form of feminist autonomous civil organization would be interpreted as going against the state. Hence, any offline organization was often a target of arrest and regulation; Li Maizi was arrested for planning an anti-sexual harassment movement in 2015. Social media grants women some level of anonymity and more flexibility to organize autonomously. It creates a venue to educate people on the reality of gender inequality and women’s rights in China. Feminist Voice in English, is a representative Weibo account with nearly two hundred thousand followers that introduces the concept of feminism to many people. Research shows the account’s followers encompass people from all over China and students overseas, serving as a bridge that brings in feminist thought from countries where the feminist movement has more momentum. Many of its followers share that it is through this account that they first started to reflect and notice the prevalence of gender stereotypes in China and how they hold internalized misogynistic beliefs. Feminist Voice, along with many other online accounts, forums, and platforms, constitute this wave of Weibo Feminism that has prioritized pointing out the injustice women face and raising awareness above actually making policy changes. The response to Yang Li reflects that indeed more women are “awakened” and

18 Rose and Xue, *Weibo Feminism*, 36.
unafraid to use available tools to speak out online. This is especially true for young women who often are active users of social media and have the most access and exposure to feminist ideas.

**Feminists or Female Fists?**

Famous feminist scholar Ahmed’s categorization of feminism as a sensation and the journey of becoming a feminist perfectly align with the current wave of online discourse in China. Ahmed categorizes five different stages in becoming a feminist. First, a woman “sense[s] that something is wrong,” whether that is experiencing discrimination firsthand or being treated disrespectfully. Then, such a realization leads to the recognition of sexism and inequality, which then influences people to become feminists. Giving people’s daily experiences a name of feminism and sparking discussions transform “what otherwise would remain scattered experiences into a tangible thing,” uniting women to seek empowerment by reclaiming their past struggles. Yet, Ahmed points out that society often rewards people for “participating in a sexist culture” and that by becoming a feminist, a woman instantly “become[s] the problem, the one who is disapproving or uptight.” The last stage, however, is that despite the potential criticism women might have to encounter by becoming a feminist, once they “notice sexism and racism, it is hard to unbecome that person” and disregard the omnipresent injustices in life.

Similarly, after being introduced to the concept of feminism, Chinese women started to use social media as a venue to make sense of or redescribe the microaggression and stereotypes they experienced, verbalize their stories, and explore the concept of feminism further. This rise of feminist momentum, however, triggered backlash from men because they see feminists as a

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20 Ahmed, “Feminism is Sensational,” 34.
21 Ahmed, “Feminism is Sensational,” 35.
societal problem and their intention as wanting to “cause trouble, to get in the way of the happiness of others, because of [their] own unhappiness”.22

Men interpret the widespread online activism as proof of women’s rights and gender equality and collectively lash out at feminists, referring to them as 女拳, or female fists in English, that demand unfair privileges and hurt societal stability (“当女权成为“女拳””). Hupu, a male-majority social media platform, and Weibo are the home bases of such discourse. Their argument consists of three parts: stereotyping and vilifying feminists into a monolithic image to psychologize their intentions, separating feminists from “normal” women, and characterizing them as a social threat. One person comments, “There is this flat-chested and ugly female fist in my office. Rich and pretty women would never be like that.”23 Another person complements by describing feminists as “insane dogs” that cannot be “reasoned with” as they “only dare to shout online and fail to see the reality around them.”24 Such a twisted portrayal generalizes feminists with one monolithic image and reveals that much of the tension online comes from men’s lack of understanding of women’s appeals. They do not recognize women’s struggles, dismiss them as irrational dogs, and interpret their fury as a sign of their failure in real life. Feminists are reduced to social outcasts who seek presence online.

This stereotyping continues as men constantly differentiate female fists from “normal” women, with “normal” meaning abiding by patriarchy. One person claims that “demolishing the female fist is protecting real women” because feminists are not only attacking men but anyone who opposes them, attempting to discourage the feminist cause by pitting uninformed women

22 Ahmed, “Feminism is Sensational,” 37.
24 @30_GSW, “官媒首次对“极端女权”发声?.”
against each other. Another netizen comments in a forum on the topic of recent gender
antagonism that “feminism takes advantage of former generations’ women’s hard work and then
confronts men.” A commonality among all comments is that they are often ambiguous, such as
how the term “hard work” in this comment is not specified, and make assertions based on
assumptions. Anyone deemed as or identified as a feminist is demonized as an aberrant form of
“woman."

If these two types of argument parody and dismiss feminist efforts, an increasingly
popular attitude in this discourse is that the phenomenon of female fists shows that women have
too much power and need to be contained before they pose bigger threats to society. Under the
hashtag “RadicalFeminismIsSocialCancer,” thousands of men unanimously commented how
“female fists gang up too quickly and need to be punished and managed.” Some even argue
that simply banning their accounts is useless “unless the government arrests them.” Men justify
these seemingly equally if not more radical and irrational comments by arguing that female fists
represent gender hatred and intentionally incite online wars by infusing more women with anti-
China western ideology. They characterize them as a social threat that needs to be cleared out
immediately. More interestingly, many men see feminism as a threat because they genuinely
believe that not only is gender equality already achieved in China but that women arguably have
higher social status than men, making women’s appeals unreasonable demands of privileges. In a
Hupu poll, among 6016 people who voted as of April 24, 2022, 2870 believe that women’s status

25 @閻坐霸王, “打击女拳也是保护女性。我一个朋友说了一句‘结婚也是一种幸福’，被女拳
追着在评论里骂，可是我朋友说错了吗，她是一个正常女性,” Weibo, April 12, 2022, 11:28am,
https://m.weibo.cn/status/4757571884549828?.
26 Zhihu, “为什么中国的性别对立会变得如此严重? - 知乎,” Zhihu, September 25, 2022,
27 @反射弧超长星人影九, “这种人就应该抓起来, 让我们看看它们究竟是什么玩意真实性别
28 @是紫霞仙子点的, “像这样抓起来,” Weibo, April 12, 2022, 3:44pm. http://t.cn/A66m8NbJv.
in China is high and 727 believe that there is gender equality in China.\textsuperscript{29} One person contends that women enjoy numerous privileges as they demand men to “offer high betrothal gifts and own property before marriage.”\textsuperscript{30} They see a disconnect and paradox between what they believe women are enjoying in reality and women’s discontent online. Thus, their anger likely comes from feeling perplexed about women’s dissatisfaction and pursuit of rights when they appear to have them already online.

\textbf{From Being Angry to Being Anti-Feminist}

The anger developed into extreme anti-feminist sentiment and collective boycotting of legislative efforts aimed to grant women more protection and rights. China signed “The Convention on the Elimination of all Forms of Discrimination Against Women,” an international treaty adopted by the United Nations, in 1980, opening a new chapter in China’s administrative intervention in gender inequality.\textsuperscript{31} In 2022, China declared its revision of the \textit{Law on the Protection of Women’s Rights and Interests} first promulgated in 1992, which includes more regulations to better guarantee gender equality.\textsuperscript{32}

The announcement of this revision immediately received immense backlash from men. The backlash again took place mainly online, especially on Weibo. The discourse is not restricted to bloggers or influencers who focus on gender issues but reaches men of all backgrounds, including bloggers of finance, military, history content, and more. The hashtag

\begin{footnotesize}

\textsuperscript{30} @WZ 和 XH, “中国女性.”


\textsuperscript{32} Standing Committee of the National People’s Congress. Law on the Protection of Women’s Rights and Interests.
\end{footnotesize}
#CancelWomenProtectionLaw became viral rapidly with many people supporting it saying that this revision is “violent gender discrimination from a legislative perspective.” Some question that “isn’t promulgating law for women granting half of the population special privileges, purposefully creating gender opposition, and tearing the society apart?” Believing that the law is inherently flawed, some argue that “the real issue at hand is not revision, but that it needs to be annulled.” Common rhetoric used to justify such contention and resistance to the legislation is that anything in favor of women is certainly a product of Western libertarianism and the government should caution against any infiltration of foreign thought. Perhaps the most bizarre argument is that passing a law that protects women’s rights would mean that there would be fewer issues of women’s oppression and injustices and this can render the All-China Women’s Federation useless and stuck in an awkward position.

**Overview on Feminism and Governance in China**

The issue of women’s rights has always been central to the CCP because it aligns with Marxist ideology and was one of the main tenets behind the CCP’s widespread popularity. The CCP views the oppression of women in patriarchy as something of the same nature as the oppression of proletariat workers in a capitalistic system. Differentiating itself from the Nationalist Party and other forces of the chaotic war era, the CCP focused on uprooting the

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33 @北京金戈戈, “为一个社会一半的人专门制定一部权益保障法，那么就意味着对另一半人的歧视，而且是从法律层面的暴力性歧视。妇女权益保障法不是修订的问题，而是应该废止,” Weibo, December 31, 2021, 3:43pm, https://m.weibo.cn/status/4720251097318980?.
34 @臭豆腐酿鲱鱼, “这次说立法直接被渗透我觉得可能算不上也没有根据，只能说受左思潮影响了，是一软渗透，苗头不对比危险。现在的问题是妇联和妇女权益保护法的定位尴尬，妇联是一个没啥存在感的部门，现在妇女问题是中国执政的大事，各部门都高度重视，没有多少真正的女性压迫与不公问题，这就导致妇联没啥事可做....,” Weibo, April 12, 2022, 12:03pm, https://m.weibo.cn/status/4720265575006663?.
35 @臭豆腐酿鲱鱼, “这次说.”
36 @臭豆腐酿鲱鱼, “这次说.”
37 @臭豆腐酿鲱鱼, “这次说.”
feudal thinking of Confucian patriarchy and promoted the elimination of practices like foot binding to achieve gender equality with a proletarian approach. Such rhetoric continued after 1949. In fact, the first major piece of legislation that the new government passed was the 1950 Marriage Law, which prohibited underage and arranged marriage. Chairman Mao also popularized the saying that “women hold up half the sky.” The overall social climate was welcoming of female empowerment and encouraged women to dream big and try new things. The same line of thought seemed to continue after the reform and opening up in 1978 and China had its breakthrough in pushing forward women’s rights when the Fourth World Conference on Women was held in Beijing in 1995.

However, one major issue behind the seemingly pro-feminist governance is that the support and emphasis on gender equality seemed more to be a tool for continuing the communist revolution instead of personal fulfillment. In fact, because Mao declared that women had been liberated, it was acknowledged that gender inequality was no longer a pressing issue. To some extent, many people’s mentality was that because the government stated that equality is achieved, it is.

Regardless of the intention behind different government policies, the administration’s attitude towards feminism and women’s rights took a big turn in 2015. On March 8th, 2015, International Women’s Day, five women organized an event to condemn sexual harassment on public transportation but were detained for “picking quarrels and provoking trouble.” The

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40 Cunningham, “Good”.
41 Cunningham, “Good”.
42 Cunningham, “Good”.
43 Cunningham, “Good”.
44 Frida Lindberg, "Women’s Rights in China and Feminism on Chinese Social Media," (2021); Cunningham, “Good”. 
group has organized similar civil disobedience events in the past, including wearing wedding dresses smeared with blood and occupying men’s toilets in 2012 to protest against domestic violence and advocate for more women’s restrooms. Yet, 2015 marked the first time that the Chinese government explicitly made a disapproving stance towards the feminist movement, a stark contrast with its once open attitude in the 1990s. In 2019, the local authorities stated that their main task when “cleaning up the internet” was to crack down on extremism, including the supposed “extreme feminism.”

**State Intervention and the Diminishing Feminist Voice**

It is not surprising to see such arguments and forced correlation between feminism and societal threat because such antagonism has always been favored and implicitly supported by state intervention. Although it might seem that the government stands with the women by revising legislation to better protect women’s rights, state intervention has historically been the biggest enemy of China’s feminist movement, and the tension of recent online discourse would not reach its current height without implicit state support. As early as 2018, the government started censoring and regulating MeToo-related posts because the state sees any growing force of organization as a threat. Women had to adopt a more subtle language, such as calling MeToo as MiTu (米兔), to avoid censorship.

Yet, the government quickly recognizes that censoring a term is not sufficient to contain the growing desire of Chinese women to speak for themselves and the rising feminist momentum. They delete and ban influential accounts and pirate work and efforts of independent feminist organizations as state-sponsored projects. Notably, FeministVoice was ironically

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45 Lindberg, “Women’s.”
46 Lindberg, “Women’s.”
47 Zhao, “向历史要答案.”
deleted on International Women’s Day. On Chinese New Year’s Eve of 2021, multiple social media platforms simultaneously deleted all posts and content that Lin Maomao published in the past decade, an influential feminist with nearly 1 million followers. Such a large-scale action suggests that this deletion is not a system glitch but an executive order from high government officials. Even though her content never discusses politics and solely explores her personal life and struggles with marriage and other issues, the government is afraid of any potential leader figure that people might follow because such following can develop into an anti-state “cult.”

Many female-majority online forums on Douban, a female-majority social media platform, that occasionally discuss women’s issues have also been recently deleted. Essentially, the state cares more about protecting its image than actually granting women rights. The presence of independent women’s groups and organizations implies the government’s incompetence to serve its people and thus needs to be silenced. By cutting off any possible way for women to connect with each other, women are left in the dark with no communication, no exchange, no access to information, no way to organize, and thus pose no threat. Although the government does not directly phrase its control of online forums as targeting feminism specifically, its interest in regulating anything that is deemed controversial inevitably results in the silencing of Chinese feminist voices.

Therefore, women’s space online, exactly contrary to most men’s argumentation and belief, is continuously decreasing and being annihilated institutionally. On April 12, 2022, the official Weibo of the Communist Youth League created the hashtag #RadicalFeminismIsSocialCancer, arguing that “When the Party posts photos to commemorate

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49 Rose and Xue, *Weibo Feminism*, 35.
50 Rose and Xue, *Weibo Feminism*, 35.
significant historical events, radical feminists deliberately attack such posts by focusing on the lack of gender diversity in the reports and intentionally provoke antagonism and hatred.”51 The CYL further states that “such behaviors are unacceptable” and “the entire internet needs to be united to cut off such a malignant tumor immediately, to redeem the internet its cleanliness.”52 Feminists’ dissatisfaction with the official media is not unfounded because this is not the first time the official media employs sexist reports or language. During the pandemic, reports focused on “Mr. Nurse” and stated that male nurses have better emotional control. Any media coverage of women highlighted women’s sacrifices as wives and mothers or other experiences related to their sexuality.53 In the past, when People’s Liberation Army soldiers were supposed to be commemorated for their contribution to the nation, 110,000 female soldiers were discharged without honors, and the administration regarded them not as soldiers, but as female workers instead.54 The government has a historical record of downplaying women’s achievements and emphasizing their sexuality.

The diminishing feminist voice parallels the transition of administration from Hu to Xi as the latter adopts a more consolidated and proactive repression of grassroots civil society. Hu’s administration did not hold as hard of a stance on civil society and often used extralegal means to either intimidate or pay off persistent protesters, giving rise to grassroots movements that challenged the ambiguous political boundaries of Chinese governance such as rightful resistance or spontaneous protests.55 However, Xi has a much stronger and firmer stance toward civil

51 @共青团中央, “声音: #极端女权已成网络毒瘤! 近期, 一组以“每一代青年都无愧于时代”为主题, 反映长征、抗美援朝、开凿红旗渠等重大历史事件的图片, 居然被某些人大肆攻击...,” Weibo, April 12, 2022, 11:02am, https://m.weibo.cn/status/4757566724249051?.
52 @共青团中央, “声音.”
53 Rose and Xue, Weibo Feminism, 23.
54 Rose and Xue, Weibo Feminism, 49.
society and lists it alongside foreign threats in an internal directive to be the top concerns of national security.\(^{56}\) Xi deliberately suppresses contentious participation in politics, or, in other words, the act of using disruptive methods such as protests to make a symbolic statement and influence change.\(^{57}\) One target of such a more consolidated and proactive repression is feminism, not necessarily because of the values it stands for but because the organization of movements often involves coordination across cities and sometimes across countries with other international organizations. It is this formation of a widespread network that Xi wishes to contain. Therefore, the Beijing Zhongze Women’s Legal Counseling Service Center, which shed light on many politically sensitive cases, was forced to close not only because of its feminist leanings but more so because it had ties to the international community.\(^{58}\)

Official state media in China purposefully alienates and otherizes feminists to paint them as a common enemy. By denying feminists’ struggles and generalizing them as sociopolitical deviants, the government manipulates feminists as tools to solidify authority, draw institutional boundaries, strengthen group identity, and provide an outlet for collective anxiety. Indeed, the post of the CLY was published just at the height of the 2022 Shanghai lockdown and successfully diverted people’s discontent with the government’s management of the pandemic and resource distribution to anger at feminists, who seem to be socially tone-deaf and not recognize that their needs come second to the bigger public health crisis. Therefore, to some extent, this online discourse and tension are led and wanted by the state; the suppression of female voices is a state-supported political instrument. What does this mean for the future of female voice and feminism in China then?

\(^{56}\) Fu and Distelhort, “Grassroots,” 106.
\(^{57}\) Fu and Distelhort, “Grassroots,” 101.
\(^{58}\) Fu and Distelhort, “Grassroots,” 113.
The government can perhaps mute all women online, but it will be almost impossible to truly contain their discontent and passion for the feminist cause because Chinese women have already been awakened. It is impossible to expect Chinese women to comply with government control and embrace censorship once they become socially aware of their marginalized and underprivileged social status. One woman points out that “you can’t delete collective emotion by deleting its carrier” because “discourse creates discourses automatically” and even if silenced now, such discourse would inevitably reemerge in the future.\textsuperscript{59} In fact, women have already tried to counter official sexist rhetoric by appropriating the virtual cartoon idol that the Communist Youth League promoted as its mascot- Jiang Shanjiao. Unsatisfied with the character’s stereotypical feminine image and finding the administration’s effort to buy women’s support through a cartoon figure ironic and absurd, many women parodied Jiang Shanjiao to channel dissent. The most common parody is to ask questions like “Jiang Shanjiao, do you get your period? Jiang Shanjiao, do you also need to score 200 points higher than male students to be admitted to certain institutions” and “Jiang Shanjiao, are you devalued goods after twenty-five?”\textsuperscript{60} Chinese women have made it clear through such informal resistance that Jiang Shanjiao cannot represent Chinese women but merely is a token girl fabricated by the authorities. Ironically, after women infused her with actual meaning through such verbal resistance, the authority deleted her existence again, just as they did with feminist posts.

Conclusion

The tension or gender antagonism on Chinese social media is twofold: civil and state-instrumented. There is a disconnect between the seemingly prominent female voice online and

\textsuperscript{59} Rose and Xue, \textit{Weibo Feminism}, 27.
\textsuperscript{60} Rose and Xue, \textit{Weibo Feminism}, 26.
the lack of female rights in real life that makes women’s appeals for equal rights unreasonable in men’s eyes. Most importantly, the sudden and quick rise of the feminist voice in China is probably the first time a dissident voice ever challenged Chinese patriarchy, a system where men took their superiority and women’s silence for granted. The sudden influx of discussion, emotions, and women’s fury are overwhelming and unfamiliar, leading to men’s backlash, resistance, and characterization of feminists as irrational and aberrant. Although only certain comments are being analyzed in this paper, they represent the most prevalent and commonly adopted beliefs in the current online climate.

On the other hand, the government’s authoritarian nature and fear of any civil organization determine that feminism is destined to face obstacles in its development in China and that the government naturally favors the anti-feminist rhetoric. The rise of feminism unfortunately simultaneously took place with China’s administration change, with the governance style and attitude towards civil society becoming stricter. To some extent, the rise and fall of modern-day Chinese feminism are all because of social media. It is through different online platforms that expose millions of women to feminist thought but it is also this increasing connection and involvement with the international feminist community that makes Chinese feminists appear more threatening to the government. However, regardless of what measures the government takes, it is hard to overturn the already awakened Chinese female collective, and past precedent shows that women are actively fighting with the limited voice and space they have online to express their dissent.
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Media, Confucianism, and the West: American Soft Power and National Family Planning Programs in South Korea and Taiwan

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History of Korea in North East Asia

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Introduction

In the 21st century, South Korea and Taiwan are renowned as two of the Four Asian Tigers: Asian countries that underwent rapid economic growth and ratcheted up from their status as developing countries in the 1960s to one of the world’s richest countries in the 2000s. Concurrently, they are also among the industrialized countries that are currently fighting against a declining population. Both countries are facing low fertility rates and a disproportionately aging population. South Korea and Taiwan’s present reality contrasts sharply with their status more than half a century ago, when their concerns centered around boosting economic development and how the massive population growth in both countries posed an obstacle to their economic potential. Consequently, both the South Korean and Taiwanese states implemented aggressive family planning programs to curb the country’s rapid population growth as a method to promote economic development. The public health campaigns were incredibly successful in both countries: the total fertility rate in South Korea was reduced from six to less than two in the span of two decades,¹ and the total fertility rate in Taiwan was lowered from six to 2.5 in the same time frame.² Both countries’ family planning programs were funded by humanitarian aid as a part of a larger initiative launched by Western countries and non-governmental organizations to initiate family planning programs in developing countries.³ In addition to aid that helped build a financial foundation and infrastructure for industry, Western countries, such as the United States, invested in South Korea and Taiwan’s social programs as a means to bolster economic growth.

This paper will examine how South Korea and Taiwan’s family planning media campaigns reveal not just the nation’s commitment to transforming into a modern, developed country, but also how significant Western soft power influence, particularly from the United States, coaxed a cultural shift away from traditional values.

**South Korean and Taiwanese Media Campaigns**

On May 16, 1961, Syngman Rhee assumed power through a military coup and established the Third Republic of Korea. As a military government, Park resolved to use his authoritarianism to prioritize the nation’s economic development. The rate of population growth, juxtaposed with the country’s limited land resources, raised concerns for Park and motivated the government to establish a family planning program to lower the birth rate.⁴ Park collaborated with organizations such as the International Planned Parenthood Federation, the United States Agency for International Development, and the Swedish International Development Authority for funding and created agencies such as the Planned Parenthood Federation of Korea and the Ministry of Health and Social Affairs to execute the program.⁵ Park’s administration wielded significant control over South Korea’s media, which allowed the Planned Parenthood Federation of Korea to orchestrate several ambitious media campaigns throughout the 1960s and 1970s to promote the idea of family planning. A popular slogan featured in many posters declares, “They’re not different because they’re girls. Let’s have only two kids and raise them well!”

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The slogan first emerged in 1965 and continued to reemerge in posters circulated in the 1970s, as seen in Figure 1. The text in Figure 1 is accompanied by the illustrations of two children, one female and one male, drawn on an arrow pointing upwards toward images of a city and technology such as automobiles and household appliances. The illustrations and the slogan work together to persuade viewers that the key to upward mobility is a small family unit. The pair of joyful siblings reach upward towards symbols of modernity and industrialization, illustrating how only having two children would propel the viewer towards economic prosperity. Moreover, this poster is also a direct criticism of traditional Confucian values. The poster encourages South Koreans not just to have two children, but to have both boys and girls. The sibling pair associated with economic growth on the poster is composed of a boy and a girl, as opposed to two boys. That imagery, in tandem with the phrase, “They’re not different because they’re girls,” directly confronts the bias against women that stems from the Confucian belief that sons have more value than daughters.

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The origin of Taiwan’s family planning program and the values advertised by the government-led media campaign mirror South Korea’s motivation to push family planning policies and confront traditional cultural beliefs. In the early 1960s, concerns began emerging among political leaders about the high child mortality rate and overcrowding in rural areas, which threatened the island’s ability to sustain its population with its limited natural resources.\(^7\) As a result, the government sought out funding from United Nations agencies such as the International Children’s Emergency Fund and the Educational, Scientific, and Cultural Organization to support a family planning program.\(^8\) Taiwanese organizations, such as the Institute of Family Planning and the Maternal and Child Health Association, were created to carry out the program and spearhead a mass media campaign to promote family planning.\(^9\) As seen in Figure 2, the phrase “two children are just enough, one child is not too few” served as the motto of the campaign.

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The phrase in *Figure 2* is complemented by an illustration of a smiling family composed of a father, a mother, and two daughters gathered around a table. As elements of Confucianism are deeply embedded in Taiwan's social fabric, the island’s populace adheres closely to the concept of filial piety, making the presence of multigenerational families—households with parents, children, grandparents, grandchildren, and even aunts, uncles, and cousins—a common occurrence within Taiwanese society. However, the depiction of the family on the poster only consists of two generations: the parents and the children. This goes against what is commonly understood to constitute a “family” within a Confucian society and instead promotes the “small family” concept, also known as the nuclear family, which is a household with only two parents and one to two children. The depiction of a family with only four members is a purposeful choice made by the Taiwanese government to encourage viewers to associate “family” with fewer members, an idea that is dissonant with the concept of large families that is popular within Confucian society. Furthermore, within the nuclear family in *Figure 2*, three of the members are female presenting, with both children being girls. This poster goes a step further than *Figure 1*, the South Korean poster, which depicts a sibling pair of a boy and a girl. The bright colors of the poster and the cheerful faces of the mother and daughter combat the Confucian gender bias against women by communicating to its Taiwanese audience that happiness can be found even within a family with only daughters.

While the primary purpose of South Korea and Taiwan’s mass media campaigns was to promote family planning as a method to improve the economic welfare of the nation, the values promoted in both countries’ posters are revealing. The “ideal family” image projected by the posters challenge long-held Confucian attitudes about family and gender. The bolded slogans on

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both posters—“let's have only two kids and raise them well”\textsuperscript{11} and “two children are just enough, one child is not too few”\textsuperscript{12}—are synonymous, and both posters try to reassure their audience that girls are just as valuable as boys. South Korea and Taiwan parallel each other in terms of the Confucian values that their family planning media campaigns criticize, and both countries also promote a movement in the same direction away from those traditional beliefs.

**South Korea and Taiwan in the International Media**

This movement away from traditional social values in South Korea and Taiwan was also observed by international media documenting the progress that both countries have made in inhibiting their population growth during that time period. Roughly a decade after the Taiwanese government implemented the family planning program, on January 18, 1971, the New York Times reported that “Birth-Control Policy Succeeds in Taiwan,” citing how Taiwan was able to reduce population growth from “30 per 1,000 in 1963 to 23 per 1,000 in 1969.”\textsuperscript{13} The article also discussed obstacles that Taiwan faced in passing its family planning policy, referencing how “a traditionalist faction in the Government of Nationalist China blocked the adoption of an official birth-control program.”\textsuperscript{14} The faction argued against the policy because “the ideal of a large family is a fundamental value in Chinese culture,” and it was only due to “hard economic considerations” that ultimately forced the traditionalist faction to relent.\textsuperscript{15}

Framing the political officials with strong ties to traditional Chinese culture as the antagonists who delayed the passage of a policy that would benefit Taiwan’s economy insinuates that Confucianism is incompatible with economic development, and that the only way to achieve

\textsuperscript{11} “They're Not Different Because They're Girls. Let's Have Only Two Kids and Raise Them Well.” Poster. Planned Parenthood Federation of Korea, 1974.

\textsuperscript{12} “Two children are just enough, one child is not too few.” Poster. Taiwan Department of Health.


a high-income economy is to move away from those values. The author writes that members of circumstances weren't as dire. This indicates to the reader that Chinese traditionalists would prioritize adherence to Confucian values over economic growth if presented with the choice. The stylistic decision to begin the article with such a claim leaves the reader with the impression that the rejection of traditional values is the path to economic development.

Three years after the New York Times published the article on Taiwan’s birth control policy, the newspaper shared that “South Korea cautiously shows progress in curbing growth of its population.” The New York Times reported that the National Family Planning program was making gains in the country, reducing yearly births from 15 to 3 in Pyeongchang and decreasing the national birth rate by 1% in three years.\(^\text{16}\) The article also included comments from government family-planning officials, who expressed that the increased receptiveness to family planning can be credited to the work of the Planned Parenthood Association.\(^\text{17}\) This can be interpreted to mean that the numerous media campaigns spearheaded by the South Korean Planned Parenthood Federation were effective at changing traditional attitudes towards family and gender, and that the “ideal family” touted in the posters—two children, regardless of gender—was readily adopted by families. This notion is cemented by the article’s particular observation that the “big-family concept, a Confucian tradition, is diminishing [emphasis added].”\(^\text{18}\) The newspaper reports that at the same time that an economic growth-inducing policy is showing gradual gains in South Korea, there is less adherence to traditional cultural values,


implying to readers that there is an inverse relationship between the prominence of Confucianism and the progression of economic development.

In both articles, the authors make an effort not just to point out how larger families are becoming less commonplace due to family planning efforts, but specifically how the Confucian expectation of having boys and a large family is becoming less of a priority. South Korea and Taiwan’s decision to promote the non-misogynistic nuclear family as the key to economic mobility in their family planning campaigns convinced families to embrace a family structure that contradicted their traditional beliefs in order to attain improved living standards. Such a change was interpreted by international media not just as an effort toward reducing the strain on South Korea and Taiwan's economy, but also as a cultural transformation where Confucian traditions are losing importance.

**The United States and Humanitarian Aid**

The family planning programs in South Korea and Taiwan were only possible through support from Western countries and international organizations. The humanitarian aid that both countries received was a part of a larger effort by developed countries, private foundations, and intergovernmental organizations to initiate family planning programs in developing countries. The United States government and its public and private partners, in particular, were heavily invested in the initiative and served as major donors and distributors of contraceptives.\(^\text{19}\) Paul P. Kennedy, a reporter for the New York Times, covers this activity in his article, “U.S. Backs UNICEF Efforts in Family Planning: Makes Extra $1-Million Gift That Endorses Plea by 12 States on Birth Control.” Kennedy writes that the United States’ donation signals the country’s

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support for UNICEF’s family planning activities and validates the claim that rapid population growth hampers economic development efforts.\textsuperscript{20} The United States’ involvement with intergovernmental organizations shows how the country is invested in South Korea and Taiwan’s economy not just directly through foreign aid, but also indirectly through humanitarian aid. By financing public health campaigns and promoting the use of birth control technology, the United States is supporting social initiatives that would ultimately complement South Korea and Taiwan’s economic prospects.

The belief that population growth was an obstacle to economic development gained traction in the United States after the publishing of \textit{The Population Bomb} in 1968, a book authored by biologist Paul Ehrlich that warned about the consequences of overpopulation and limited resources.\textsuperscript{21} Individuals swayed by Ehrlich’s argument quickly coalesced into advocacy groups that took advantage of the paid advertising space in the New York Times to promote their claim that rapid population growth in developing countries endangered American prosperity: full-page advertisements in the Times often heralded, in large, bold font, that “the population bomb threatens the peace of the world.”\textsuperscript{22}

While family planning programs in South Korea and Taiwan were initially only supported by private foundations and organizations, the U.S. Congress quickly became swayed by the ideology and began appropriating federal funds to curb this perceived imminent danger.\textsuperscript{23} Consequently, billions of dollars from the United States government and American private


\textsuperscript{23} Charles C. Mann, “The Book That Incited a Worldwide Fear of Overpopulation.”
organizations were funneled into family planning efforts led by intergovernmental organizations in developing countries, which allowed Western entities to have tremendous influence over the structure and implementation of those programs. In Taiwan, the government was reliant on UNICEF to create booklets advocating for the “small family” concept to be distributed at high schools, which meant that the agency had control over how family values were presented in the booklet’s contents.  

Similarly, in South Korea, the majority of the birth control technology made available to South Koreans was supplied by American entities, so popularized contraceptives, such as the Lippes Loop and the IUD, were both American inventions.  

Not surprisingly, the extensive American involvement in the family planning programs in South Korea and Taiwan was responsible for instigating the cultural shift from traditional Confucian values toward Western ideas: the concept of the nuclear family unit that was publicized by both South Korea and Taiwan’s media campaigns was considered to be the epitome of the “economically stable family unit” in America beginning the 1950’s.  

The origin of the population control movement reveals how the United States was spurred to partner with private and international organizations to provide developing nations with humanitarian aid as a means to ensure their economic supremacy. In doing so, the United States exerted considerable soft power in shaping the structure of South Korea and Taiwan’s family planning programs to reflect Western ideas and goals of economic growth and prosperity.

Conclusion

South Korea and Taiwan’s national family planning programs and their government-led media campaigns encouraged families to adopt practices that would not just contribute to their

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respective nation’s economic welfare but would also challenge traditional Confucian values held about family and gender. This larger cultural shift can be attributed to the humanitarian aid that made the programs in each country possible. The United States and their private partners’ involvement in intergovernmental efforts to back family planning programs in developing countries allowed the country to have considerable influence on the values promoted in the programs. As South Korea and Taiwan turn towards a more Western framework of economic development and embark on paths of exponential economic growth, the legacy of the National Family Planning Program in both countries sets the stage for developments in family values and foreign relations in the next decades.
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Section III

Labor Politics in China
Social Infrastructure Reform to Combat Labor Market and Socioeconomic Consequences of the One Child Policy

Calista Huang

Labor Politics in China

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Introduction

Since the 1950's, two episodes in Chinese history have contributed greatly to Chinese population decline. The two episodes are the Great Chinese Famine from 1959 to 1961 following the Great Leap Forward, and the infamous One Child Policy. This essay will put into context the motivations for implementing the One Child Policy, the consequences of the policy, both positive and negative, and propose an alternative policy that would have achieved the same positive outcomes while reducing the negative impacts.

Background

After making the mistake of investing too heavily in capital-intensive rather than labor-intensive industry during the Great Leap Forward, China recognized its position as a labor-abundant nation and also realized that the first priority for an economy to develop was to support the agriculture sector in generating a food surplus, even if that meant turning to importation.¹ As China started to experience growth after its Maoist era, labor growth had to match capital growth to achieve maximized productivity and output.² Rapid labor force growth creates a demographic dividend, where there is a higher ratio of working age population to dependents such as children and seniors.³ This type of demographic change creates a steady supply of working age individuals and allows for higher household saving rates, factors that contribute to, "phases of explosive growth."⁴

By the 1970's, the international community had begun to shed light on the environmental consequences of out-of-control population growth. Around that time, China adopted soft population-curbing policies, such as the wan-xi-shao policy, which encouraged later marriages,

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³ Naughton, 8.
⁴ Naughton, 8.
longer spacing between children, and fewer children overall. Upon Deng Xiaoping's rise, his regime heavily advocated for fertility reduction measures. He claimed that the "'four modernizations' of industry, agriculture, science and technology, and defense," would be hindered by rapid population growth.\textsuperscript{5} Furthermore, research on optimal population and maximum capacity based on China's natural resources indicated that China would perform better if the population was reduced. These concepts served as the main motivation for the rise of population control measures from soft encouragements to state enforced measures, leading to the implementation of the One Child Policy in 1980.

\textbf{Effects of the One Child Policy}

The One Child Policy created three main consequences on the Chinese population: a reversal of the demographic dividend, "a shrinking and aging population," and an unbalanced sex ratio.\textsuperscript{6} These three phenomena will create social burdens as well as potentially slow down China's economic growth.

The ratio of dependents such as children and seniors, to the working age population, is also known as the dependency rate. As the demographic dividend increases, dependency rate decreases. A reversal of the demographic dividend, where it was previously high, means that dependency rates will now be higher. The dependents in this case are the grandparents rather than the children who will eventually join the workforce. Originally, an immediate effect of lower dependency rates is higher GDP per capita.\textsuperscript{7} When a contributing member of society has multiple dependents, their contribution is split up among everyone in society to calculate the GDP per capita. As Naughton outlines in his book, if the society is one worker making $100 and

\textsuperscript{5} Bongaarts, “An Alternative to the One-Child Policy in China,” 586.
\textsuperscript{6} Naughton, 186.
\textsuperscript{7} Naughton, 189.
his three dependents, GDP per capita is $25, but if a different society is a similar worker making $100 and only one dependent, GDP per capita is doubled at $50. However, this means that there will be less people to contribute to GDP in future generations. When the dependents join the workforce in the first society, and their parent becomes a dependent instead, GDP per capita would be $75 whereas GDP per capita would stay at $50 for the second society. For China, rather than having three dependents join the workforce in the first society, 2 of the dependents had already had their time in the workforce, so it continues to be a high dependency rate. When birth rates are below replacement rates, the effect can be even worse. When the government also has a role in taking care of dependents in the nation, through pension programs or other social safety nets, a high dependency rate is detrimental to both the society and the government's budget. Without stronger influences in the economy that focuses on productivity, economic growth will stagnate. The campaign on suppressing fertility was to keep China at an optimal level of economic growth, but the consequences to China’s working age population will actually bring China out of the optimal range for economic growth, while creating heavy economic burdens on society to support the aging population.

Looking at China's neighbors in East Asia, the aging population phenomenon is not unlike the other countries, including Japan, Hong Kong, Taiwan, and South Korea, who are also experiencing fertility declines.\(^8\) The difference is that these fertility declines occurred following an era of record high economic development, and are a result of factors such as the spread of university education and higher paying careers for women and a more liberalized view of marriage and relationships, not due to forced birth suppression by the government.\(^9\) The declines in fertility for those countries occurred naturally, and were reflections of a developed economy.

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\(^8\) Naughton, 205.
\(^9\) Sobotka, “World’s Highest Childlessness Levels in East Asia.”
Naughton mentions that most developed countries were able to "[grow] rich first and then [grow] old, but China will grow old before it has had the opportunity to grow rich."\(^{10}\) He then predicts China's per capita income in 2030 will fall "below that of Hong Kong, Taiwan, and Korea [in 2018]," which means that the burden on the working age population to support the aging population would even be heavier in comparison.\(^{11}\) By solving the problem of overpopulation in an attempt to boost economic growth, the Chinese government has greatly reduced its ability to get back on track with growth, with more and more output needed to be set aside for supporting the retired population.

As for the unbalanced sex ratio, the problem stems from China's traditional male preference. With families restricted to only one child, efforts are made to ensure that the family has a son. For many peasant households, boys are simply "culturally and materially more valuable…than girls."\(^{12}\) With the implementation of the One Child Policy, the son preference for their only child became even more pronounced. Census data shown in Table 1 below shows the rise in reported sex ratios from before the One Child Policy until 2010.\(^{13}\) The trend shows a rise of 104.9 males per 100 females in 1953 to 118.6 males per 100 females in 2010. The official data is likely inaccurate, and might be showing a more dramatic ratio than the real situation, due to the underreporting of female births. A true unbalanced sex ratio being much higher is strongly supported by counts from the 2000 and 2010 census, showing more 10-year-old and 20-year-old girls than had been counted in the previous census as female births and 10-year-olds.\(^{14}\) The son preference tendency can be seen clearly in rural regions where the "1.5 Child Policy" is in place,

\(^{10}\) Naughton, 206.  
\(^{11}\) Naughton, 205.  
\(^{12}\) Naughton, 198.  
\(^{13}\) Naughton, 198.  
\(^{14}\) Naughton, 199.
a revision of the One Child Policy where couples in 19 rural regions were allowed to have a second child if their firstborn was a daughter or if hardship factors were involved.\textsuperscript{15} For those families, the proportion of "girls among the firstborn children is 48.5\%, which is within the natural sex ratio range."\textsuperscript{16} When those families are assured to have another chance at conceiving a son, reducing the motivations for sex selective actions around birth, the proportion of male to female at birth approaches normal.

**Table 1**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sex Ratio (males per 100 females)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td>104.9</td>
</tr>
<tr>
<td>1964</td>
<td>103.8</td>
</tr>
<tr>
<td>1982</td>
<td>107.6</td>
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<tr>
<td>1990</td>
<td>111.8</td>
</tr>
<tr>
<td>2000</td>
<td>117.8</td>
</tr>
<tr>
<td>2010</td>
<td>118.6</td>
</tr>
</tbody>
</table>

Source: Census Office (2014, 94).
Naughton, 198

Other data estimates that "mothers with a firstborn daughter are 35\% more likely to have a second child, compared to those with a firstborn son."\textsuperscript{17} It is important to point out that even if parents did not have a son preference, and wanted a second child after a firstborn son, most could not do so under the policy. Additionally, Cao cites a previous study that demonstrated how "improved local access to ultrasound technology resulted in an increase in sex ratio only at the second and higher parity births."\textsuperscript{18} While presented with an, albeit illegal, opportunity to chose the sex of their firstborn child, couples show preference only when they no longer have a chance at conceiving a son by chance. The presence of a son preference, still in society even after the

\textsuperscript{15} Cao, “Fertility and Labor Supply: Evidence from the One-Child Policy in China.”
\textsuperscript{16} Cao, 6.
\textsuperscript{17} Cao, 2.
\textsuperscript{18} Cao, 9.
end of the One Child Policy, can continue to haunt Chinese society until the expectations and conventions of Chinese sons and daughters become more egalitarian. Within the highly male dominated environment, though, some women have been able to find empowerment, highlighted in the next section.

The One Child Policy caused widespread practices that suppressed women, such as mandatory IUDs, forced abortions, and sterilizations, as well as female infanticide or saving hukou registration for a later born son. Women have even had to endure blame by husbands or parents for giving birth to a daughter instead of a son. At the same time, women also found some forms of empowerment. Without the option of trying for another child to try to get a son, the One Child Policy led to a rise in only-child daughters in urban settings. Compared to daughters in rural families who likely have a sibling or even urban daughters from the past generation who also likely had siblings, urban daughters born during the One Child Policy had no one to compete with for resources. They now had access to education, parents' time, and other resources that may have been traditionally reserved for sons. On the mother's side, since women were no longer busy raising children all the time, their labor was freed to be applied to employment outside the household. While the One Child Policy took away women's freedom on family size choice and put them subject to state intrusion on their bodies, the policy freed women from "heavy child-bearing and child-rearing burdens." Fong's study tracked daughters born under the One Child Policy to their mothers and grandmothers, seeing that the new generation of only-child daughters have "unprecedented power" to overcome traditional gender norms.

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19 Noboa, “China's Demographic Challenges: The Long-Term Consequences of the One-Child Policy.”
21 Fong, 1099.
22 Fong, 1099.
23 Fong, 1099.
low fertility of both mother and daughter is compatible with highly demanding and compensating careers outside of the home, those of which are incompatible with child-rearing. With the only-child daughter able to take advantage of familial resources and take on a fulfilling career of her own, she can then make money and provide for her parents, a role traditionally filled by the son. Proving that they are able to do as well as sons do for their family helps break the daughters out of society’s patriarchal views on female children. Referring back to the educational trajectory of only-child daughters, since they were able to consolidate their parents' resources for their upbringing, educational opportunities were more available to urban daughters than their historical or rural counterparts. Looking at how well they used these educational opportunities, girls actually performed better in school than their male peers, at least the city of Dalian, evaluated in Fong's study. How can society continue gatekeeping a resource for a population that fails to use it to the full potential? Through newfound access to educational and other familial resources, contributing to their ability to prove themselves as equally capable and filial children, urban only-child daughters gain power to overcome the patriarchal society and son-preference of China.

Those urban only-child daughters not only come to take the role of sons in providing for the family, they also allow their family to save money. Even traditionally before the One Child Policy, women have higher chances of upward mobility in Chinese society. In a multiple-children household where education could not be spared for daughters, "physical attractiveness and stereotypically feminine positive traits" such as cooperativeness or empathy could give a female candidate a leg up in the job hunt over a male candidate with the same education level.

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24 Fong, 1099.
25 Fong, 1103.
26 Fong, 1103.
Furthermore, men in the marriage market are expected to provide marital housing while women are not. Negative consequences of the unbalanced sex ratio primarily manifests in the marriage market, where millions of males are left unable to find wives, at least domestically. The skewed marriage market that emerged as a result of the One Child Policy put even more burden on bride-seeking men. Before, families would have to save money to provide for a son's education and contribution to a marital home, leaving nothing for the daughter. Now, families with only-child daughters need not save money for a house purchase, but can instead apply the funds to further the daughter's education, contributing to her future income, invest in other aspects of her human capital, or even offer a contribution to the marital home, making her an even more standout marriage candidate.

Another empowerment effect of the One Child Policy on women in the marriage market is housework structure in the marital home. With both husband and wife contributing a significant percentage of household earnings, housework division has also been reported as becoming more egalitarian. Unwillingness to contribute to housework might render men even lower chances of finding a wife, which already represents a near impossible task with China's skewed sex ratio.

It is important to note that the One Child Policy was only implemented about forty years ago. Offspring born during the One Child Policy are still within their fertile age range, and none have reached retirement age yet.

**Alternative Policy**

To keep the Chinese population within optimal economic range, China had many more options than the forced IUDs, sterilizations, and abortions. Since "formal employment for

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27 Fong, 1105.
Chinese women reduces both preferred and actual fertility," measures that encourage women to pursue opportunities in the workplace instead of taking on more childcare and household duties would lower the amount of births more naturally than directly taking away a woman's option to be a child bearer. The use of family planning resources has also been regularly cited as a way to reduce fertility rates and improve maternal health. Access to modern contraception, education on STIs, and the balancing of patriarchal family values contribute greatly to reducing unwanted pregnancies as well as producing healthier mothers and children. An unwanted pregnancy in places where access to prenatal care is scarce or restricted, may result in unsafe abortions, infanticide, neglect, or failure to register the child, as highlighted in previous sections.

Bringing it back to China's past policies for fertility control, the earlier wan-xi-shao policy, while less draconian and more optional than the One Child Policy, still resulted in similar human costs. To infuse low fertility practices in the population, birth planning officers represented 1 per 100 people, who held responsibilities such as delivering contraceptives, tracking IUDs, and persuading couples to get sterilization treatments. While the policy was "technically a voluntary program," couples were intensely pressured and there were even "reports of coercion and abuse." Though still much softer than the replacement One Child Policy, the wan-xi-shao policy has also shown how excessively harsh fertility controls can be detrimental to society.

In China, low birth registration remains a problem, especially in rural areas and especially for female births. For a 2004 study on 10 years of data, "about 530,000 unregistered

29 kff.org, “The U.S. Government and International Family Planning & Reproductive Health Efforts.”
30 kff.org.
31 Babiarz, “The Limits and Consequences of Population Policy: Evidence from China’s Wan Xi Shao Campaign,”
32 Babiarz, 7.
33 Babiarz, 7-8.
people were identified, of whom 70–80% were females.\textsuperscript{34} For marginalized populations like migrant workers' children, "the [birth registration] situations [for them]… are even worse."\textsuperscript{35} The lack of registration obstructs "access to basic needs such as medical care, education, or employment, particularly in urban areas."\textsuperscript{36} Even when healthcare resources may be improved as part of a low fertility encouragement policy, spreading the knowledge of and encouraging actual use of the resources will remain an additional barrier.

The academic community generally agrees that, "changes in the underlying demand for children matter most for fertility decline."\textsuperscript{37} A policy that influences the, "underlying demand for children" would be able to accomplish the goals of fertility decline and human capital improvement safely and without, or at least with just a softer version of, the detrimental social impacts of the One Child Policy.

**Education**

Earlier, increased formal employment for women was mentioned as a moderating variable for decreased fertility. With regards to not only actual fertility but also fertility preference, "off-farm employment significantly reduces both."\textsuperscript{38} Education has the same effects, since education is, "positively correlated with the probability of being employed" and, "perhaps [reflects] the differential opportunity costs" between being employed in a higher paying job versus raising a child, and being employed in a lower paying job or working on the farm versus raising a child.\textsuperscript{39} A system that encourages and supports women in education systems all the way

\textsuperscript{34} Li, “Birth Registration in China: Practices, Problems and Policies.”
\textsuperscript{35} Li.
\textsuperscript{36} Noboa.
\textsuperscript{37} Babiarz, 36.
\textsuperscript{38} Fang, "Jobs and Kids: Female Employment and Fertility in China," 2.
\textsuperscript{39} Fang, 16-18.
from primary school to higher education institutions is also a natural way to reduce fertility while contributing to growth in human capital.

Ideally, the reduction in fertility allows people to "trade quantity for quality," funneling more resources into fewer children. The problem with this newfound opportunity in China is that if there are no institutions for children to gain that "quality," parents would be trading quantity for… nothing.

In China, educational attainment for the underprivileged remains difficult. Especially for the unregistered children who could be daughters who gave up hukou registration to their younger brother or children who followed rural-urban migrant parents, their inability to access education resources is detrimental to their development. In their situation, it would be difficult for their parents to pay extra money to put them in private education, and their status as unregistered takes away the many benefits of an education, since they would have trouble obtaining formal employment.\textsuperscript{40} For those families, it may simply not be worth it to send kids through the education system, and instead they may encourage informal or lower paying employment paths.

The rural-urban gap in education remains wide. While education is free and compulsory from first to ninth grade policy-wise, the education system has not overcome the issue of being underfunded, leaving "rural areas severely short on schools."\textsuperscript{41} The lack of education opportunities contributes to a disparity in educational expectations between urban and rural parents as well, where a study of Yunnan province found that "95% of urban parents wanted their children to pursue higher education, compared to under 60% among rural parents."\textsuperscript{42} At the

\textsuperscript{40} Noboa.
\textsuperscript{41} WE Charity, “Education in Rural China.”
\textsuperscript{42} Yang, “China's Rural Education Challenge.”
same time, estimates that "millions of children work as child laborers" reflect the high opportunity costs of pursuing education and the basic economic situation of rural Chinese families. Paired with an expansion in rural education infrastructure and investment in the development of rural human capital, monetary or social incentives for rural families to keep their children in school and support for families to make ends meet without needing their children to work are crucial in reaching the goal of educating the rural population.

Looking at other developing countries similar to China, Brazil and India have implemented similar programs for boosting school attendance and reducing child labor in rural populations. For Brazil, Bolsa Escola is a conditional cash transfer program that encourages mostly rural mothers to send their children to school, rewarding families if they achieve 85% attendance. Additionally, the PETI Program in Brazil is a conditional cash transfer program to reduce child labor and encourage schooling instead. An "early evaluation of the PETI child labour scheme in selected Northeastern states showed that it reduced the probability that children would work by up to 26 per cent." Brazil, and especially President Lula, is renowned for robust social protection programs. China can consider following the lead of providing cash incentives for keeping children in school and preventing child labor to nurture an education-valuing population even in the rural regions.

In India, the Midday Meal Scheme has the dual-effect of improving school attendance and nutrition among primary school students in government-aided schools. The program subsidizes the procurement of ingredients, employment of staff, and construction of kitchens, to provide food for students at the government schools. Since its implementation, "enrollment…attendance, and retention rates" have increased significantly, with even "classroom

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44 Hall, 700.
attention" improved. As shown in the results of Brazil and India's education-oriented social protection programs, providing additional cash or food for poor families brings incredible success in encouraging school attendance.

With regards to the most robust education system in China's urban areas, they are also far from perfect. Restricted to just those with urban hukou, schools in urban areas should be serving their students well. Even though the Chinese government's Ministry of Education has been trying to reform the education system to be a better fit for the modern world, the efforts seem lacking. Some tutoring schools even "deliberately [look toward] Western education styles" for inspiration and attract more pupils through that way of teaching than the traditional Chinese methods. Rather than staying in the Chinese education system, "Chinese parents are sending their children away to study at increasingly younger ages," a reflection of their dissatisfaction with the domestic education system. With urban schools seemingly inadequate, rural schools too few and lacking attendance incentives, and migrant children having no access to either school system, how is China's human capital to develop, even with less students to spread resources around to? Before China can expect a domestic rise in human capital, it must look within its own education system.

Looking at the case of Indonesia, it is an example of a country that underwent educational infrastructure reform, providing insight into how social infrastructure reform may help a country such as China. In Indonesia, the success of school construction and stimulating supply-side reforms has shaped human capital through multiple generations. The INPRES program applied oil revenues to development programs across the archipelago, and was later named, "the fastest

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45 Tibrewala, “Mid-Day Meal Scheme : How India Feeds 115 Million Children Every School Day.”
46 Smith, “What Is the Chinese Government Doing to Improve Education?”
47 Yuan, “Improve Education in China – Don't Stop Kids Studying Abroad.”
48 Zuo, “China Plans to Put Children off Studying Abroad.”
primary school construction program ever undertaken in the world."\(^{49}\) Through the program, over 61,000 primary schools were built between 1974 and 1979, doubling the existing number of schools.\(^{50}\) The new school provided education opportunities to many students who were previously unable to access schooling. With so many new schools built, the world wonders if it was all worth the investment. The data collected from the results of the program showed a sharp economic return on education. Studying the generation of students who made it through the program, they experienced, "an increase of 3 to 5.4 percent in wages."\(^{51}\) This improvement in economic status of the people who went through the program is not limited to the first generation. The INPRES program schools left intergenerational effects, continuing to influence the Indonesian population and workforce past the direct terms of implementation.\(^{52}\) The effects grow even stronger when considering women, and especially through mother-daughter lines. Overall, the program gave an internal return rate of "8.8 to 12 percent" on the investment as well as contributed to Indonesia's GDP growth.\(^{53}\) With the benefits of human capital development and closing of the gender gap, China can look toward Indonesia for inspiration regarding an education reform and spreading of educational resources toward historically harder to reach areas.

The key for China to adequately develop its human capital to achieve quality over quantity, is social infrastructure improvement. A robust education system will include not only improvement in the most developed urban areas, but also the most underdeveloped rural areas, along with expanded education access, even if that means supplementing urban school capacities


\(^{50}\) Mazumder, “Intergenerational Human Capital Spillovers: Indonesia’s School Construction and Its Effects on the Next Generation,” 243.

\(^{51}\) Dulfo, 810.

\(^{52}\) Mazumder 244.

\(^{53}\) Dulfo, " 810.
to accommodate rural-urban migrant workers in highly concentrated areas. Even with the infrastructure for schools built and *de jure* access to schools given to everyone who needs it, maximum school attendance may not be achieved so simply. In order for school access to be turned into school attendance, a social norm of educational opportunity seeking must be set for those who previously did not attend school. Like the social protection programs for the poor in Brazil and India, assistance programs for rural students in China are needed for education benefits to truly shine.

To reap the benefits of increased education and employment for women, incentives for female students to stay in school are also needed. With the cultural son preference, daughters often give up their future in education to better pool resources for their brothers, contributing to one of the several motivations for rural daughters to pursue employment in the city.\(^{54}\) Despite needing to implement incentive programs for the whole Chinese population to make use of the social infrastructures, the resulting human capital gain is valuable to China. Without boosting the productivity and value of the population entering the workforce, Chinese society will be unable to support the growing dependency rates resulting from the One Child Policy. Additionally, perhaps as social expectations for sons versus daughters become more egalitarian with a new social infrastructure, some of the traditional son preference will start disappearing and the unbalanced sex ratio will regress toward a more even proportion again. A social infrastructure reform can mitigate the consequences of the One Child Policy and recapture the economic growth China wanted to save forty years ago.

\(^{54}\) Zhong, “I Felt like There Would Be a Vast Sky out There.”
Bibliography:


Social Insurance: The New Labor Issue in Modern China

Grace Ma

Labor Politics in China

Professor Gaochao He

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Introduction

Empirically, labor movements and economic development have come hand in hand. As economies industrialize and grow, institutional policies often lag behind, struggling to keep up with the rapid changes in labor norms and conditions. Workers, especially those already marginalized, bear the brunt of the lack of updated labor laws, as their rights may be unprotected or violated by their employers. This situation has proved true in Post-Mao China, following its transition from a socialist state to an industrialized market economy in the late 1970s. It experienced exponential economic growth as its GDP skyrocketed from $310.13 billion in 1985 to $17.74 trillion in 2021, mainly due to its export-oriented industries.¹ This growth was primarily due to the work of migrant peasant workers (MPWs) with rural *hukou* (household registration) who migrated en masse into cities in search of employment opportunities following a series of *hukou*, land, and market reforms.

At first glance, one would expect better economic conditions to improve the well-being and quality of life of workers in China. However, this was not true for MPWs. Despite residing in the same cities, MPWs could not access the benefits and welfare in the cities associated with urban *hukou*. Five decades into the Chinese Party-state’s reform and opening-up era, the Chinese Communist Party (CCP) has still yet to introduce comprehensive protective labor laws and a social welfare system that can ensure all workers’ well-being. Moreover, the enforcement of existing laws has often been spotty and ineffective, rendering MPWs vulnerable to exploitation from employers in the forms of wage arrears, low wages, long work hours without overtime pay, and dismal working conditions. More recently, though, institutional failures regarding social

insurance (社会保险, shehui baoxian) and companies’ shirking of those payments have become increasingly prominent issues for MPWs. These various problems regarding workers’ rights in China raise a few questions: Why is there a general lack of protection for MPWs? How have they defended their rights, and how has the state responded?

This essay will first seek to understand the conditions that lead to the continuous exploitation of MPWs by examining the CCP’s emphasis on economic growth and complications caused by the rural-urban hukou divide. Then, this paper will analyze the change in the class composition and demands of striking workers by delving into the issue of social insurance payments and discussing the exemplary case of the 2014 Yue Yuen Strike. The scope of this paper will be limited to post-Mao China, as MPWs emerged from this era, and the content covered necessitates a detailed explanation of the rise of MPWs and how their labor grievances have evolved in recent years.

**Background**

Before discussing recent responses to the treatment of MPWs, it is important to understand the conditions that led to the mass migration of peasants into cities. To encourage industrialization and large-scale agriculture, the CCP advocated for a shift away from collective farming in rural areas under the Household Responsibility System (HRS), also known as the family contract system, in the early 1980s. Under this structure, families held independent contracts and production quotas for the CCP, marking the beginning of the dismantling of communes and the decollectivization and privatization of rural, arable land.

In 2001, the government continued to expand its rural economic development program by transitioning from a society based on hukou-based land rights to market-based ones, allowing enterprises and those without rural hukou to own rural land—meaning that those with rural
hukou were now no longer guaranteed a plot of land in their hometowns. The government’s purpose in doing so was to further China’s economic development by encouraging urbanization and large-scale agriculture: land once used for small-scale farming had become urban development land that could be sold, leased, or mortgaged to investors.\(^2\) By doing so, 88 million rural residents were displaced by 2008 and were forced to seek employment in the cities.\(^3\) As a result, China has become the largest manufacturing power in the world, with its industrial labor force mainly comprised of MPWs. Moreover, in the 1980s and 1990s, the government dismantled the “iron rice bowl,” which had guaranteed employment and government-sponsored welfare to those with urban hukou.\(^4\) From this policy arose a more flexible labor market in the cities that welcomed cheap migrant labor to drive its export-based economy. According to the 2013 National Migrant Workers Monitoring Survey Report (2013 年全国农民工监测调查报告), there were a total of 268.94 million MPWs, with 31.4\% of them being part of the manufacturing sector and 22.4\% in the construction sector. The new generation of MPWs born after the 1980s accounted for 46.6\% of the total.\(^5\) From these reforms, the government’s focus on economic expansion over protecting rural laborers already becomes apparent. As China’s economy continues to expand and play a key role in supplying global value chains, its reliance on the labor of MPWs will persist.

The grievances of many MPWs stemmed from their lack of legal protections, which made them vulnerable to wage arrears, poor working conditions, and general exploitation by their employers. Despite the large number of MPWs, they were largely unprotected in the cities.

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\(^3\) Andreas, Joel, and Shaohua Zhan. “Hukou and Land: Market Reform and Rural Displacement in China.”


due to their rural hukou depriving them of the benefits—such as social insurance and access to healthcare, education, and housing—associated with urban hukou. MPWs were further made vulnerable due to the nature of the jobs available to them. They were regarded as surplus and replaceable labor to supplement fluctuations in demand and often worked dirty and dangerous jobs; by 2008, 60% of all urban jobs were classified as informal work where MPWs labored without contracts, meaning they had no legal footprint and, subsequently, no legal protection.\(^6\) Thus, many early strikes and protests were concerned with companies’ delayed wage payments or poor working conditions.

By disassembling the centralized, state-run economy, the government dismantled the previous system of social welfare and government-supported safety nets. This problem was further exacerbated by the implementation of the one-child policy in the 1980s, which disallowed parents from relying on a large extended family to support them after retirement. Seeing these problems, the CCP began to create a new system in the 1990s that put the burden of social insurance on the backs of employers and individual employees via their contributions; instead of the national government, local and regional governments were responsible for distributing those funds accordingly.\(^7\) While there have been efforts to cover all workers under social insurance, many MPWs remain excluded and unprotected. The enforcement of these payments has also been sporadic, and it has become a growing concern for workers in the modern day.

**Existing Legal Protection and Their Limitations**

The government has made multiple attempts to protect the rights of MPWs with limited success. In 1994, the Chinese government implemented a labor law (劳动法, *laodong fa*) that set

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standards for labor conditions: in addition to defining the legal minimum wage, it limited working hours to 40 hours each week and 36 hours of overtime work each month. However, the question of the legality of strikes was not mentioned.\(^8\) No further law has banned strikes either, despite it being a sensitive word in China, with officials preferring to use the phrases “stopping work” or “slacking off.”\(^9\)

In 2004, the CCP passed a new minimum wage legislation that greatly expanded the scope of workers it covered. It explicitly named migrant and part-time workers and specified how minimum wages should be set across provinces. However, despite the inclusion of MPWs in the legislation, this law did not generate increased consumption for the working class and did not protect MPWs from the full extent of discrimination they experienced.\(^10\) To supplement previous laws, the Labor Contract Law of 2008 (劳动合同法, \textit{laodong hetong fa}) required employers to provide MPWs with labor contracts to attempt to protect them from precarious employment and discriminatory treatment.\(^11\) Once again, though, this law failed to boost consumption, and it often was not executed by companies or enforced by local governments.

In 2011, the aforementioned laws were unified in the federal-level Social Insurance Law (社会保险法, \textit{shehui baoxian fa}). It organized China’s social security, or social insurance, system for MPWs into a public insurance and welfare system that required contributions from employers and employees alike. The social insurance system—referred to as 五险一金 (\textit{wuxian yijin}).

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yijin) in China—includes pension insurance, health insurance, unemployment insurance, accident insurance, maternity leave insurance, and a housing fund.\(^{12}\)

In general, local governments often turned a blind eye to violations of various labor laws to continue to attract foreign investors and businesses that wanted to maximize production by cutting costs related to workers—such as not maintaining safe and hygienic working conditions or contributing to workers’ pension funds—or coercing them to work longer hours.\(^{13}\) Their focus on boosting the local economy came at the expense of MPWs’ rights and dignity as they remain vulnerable in the workplace.

Local governments have also been unwilling to fulfill their role in enforcing the Social Insurance Law due to concerns that it makes the region appear unattractive to investors and manufacturers. Thus, they may ignore companies’ nonpayments to pension funds and workers’ complaints; specifically, small- and medium-sized private enterprises often shirk their payments to workers due to the high employer contribution rates set by law. As a result, many authorities, instead of enforcing employers’ contributions, reduced the amount that employers had to pay.\(^{14}\) Some richer provinces also delayed the redistribution of insurance funds to poorer provinces.\(^{15}\) This is further proof of how local governments—in China’s move towards industrialization, urbanization, and globalization—are willing to ignore certain labor laws in order to develop their economy and attract investors.

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\(^{13}\) Chan, Anita. “Migrant Workers’ Fight for Rights in China.”

\(^{14}\) CLB. “China’s Social Security System.”

Other Shortcomings of the Social Insurance System

The social insurance system faces a myriad of other challenges, the first being the lack of universal coverage and adequate benefits for all workers. In 2020, only 71% of the urban workforce was covered by the state’s basic pension plan, and 47% had unemployment insurance despite the law stipulating that all workers must be included in the social security system. While general coverage is evidently inadequate to ensure a comprehensive safety net, MPWs remain disadvantaged. In 2017, a meager 22% of MPWs were covered by basic pension plans or medical insurance, 27% had work-related injury insurance, and 17% had unemployment insurance. While these numbers have grown by 36.5%, 25.6%, 9.3%, and 81%, respectively, since 2012, there is still a long way to go for all citizens—especially those working informally—to access social insurance benefits. In comparison, the 74% of migrant construction workers with work-related insurance seems relatively sufficient. However, this number is due to the high rate of accidents on construction sites—making it more beneficial for employers to pay for work-related injury insurance—and the low required rate for employer contributions. Thus, it may be concluded that the lack of workers’ protection is caused, in part, by employers’ unwillingness to increase the costs spent on labor. The high insurance coverage in the construction industry furthers this line of reasoning, as employers only seem to protect workers when it is financially beneficial for them.

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17 CLB. “China's Social Security System.”


19 CLB. “Migrant Workers and Their Children.”
Moreover, even for those with social insurance, the benefits they can access are minimal due to structural problems. For example, workers with medical insurance must deal with problems in the healthcare system: they have to pay upfront for any treatment and consultations at hospitals before they can file for reimbursement, putting additional financial pressure on them. \(^{20}\) Furthermore, for workers not subscribed to the basic social insurance plan, the government is advocating for urban and rural residents’ pension and medical insurance schemes. \(^{21}\) Instead of being funded by employer and employee contributions, these schemes are based on individual contributions and are subsidized by the government. Out of a total workforce of 800 million people in 2020, 329 million workers and 129 retirees were covered by the basic insurance plan, while 542 million people had the urban and rural residents’ pension scheme. \(^{22}\) On paper, the CCP was able to claim that the majority of the working population has some form of pension and medical insurance. However, the urban and rural residents’ pension scheme offers minimal benefits. In 2019, it only paid 161 million people a meager ¥174 per person per month. It is wholly insufficient to protect all enrolled in it, not to mention the entirety of the labor force. \(^{23}\)

The previous laws, while important, have also limited the efficacy of the social insurance system. They did not clearly state the division of responsibility between individuals, enterprises, local governments, and the central government, creating confusion, ambiguity, and arbitrariness in carrying out the law. The lack of certainty has also made it challenging to create a national pool of social insurance funds, and the insurance premiums vary across the country. \(^{24}\)

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\(^{20}\) CLB. “China's Social Security System.”

\(^{21}\) CLB. “China's Social Security System.”


\(^{23}\) CLB. “China's Looming Social Welfare Crisis Needs Urgent Government Attention.”

\(^{24}\) Zheng, Gongcheng. “中国社会保障制度变革挑战.”
The sustainability of the social security system also poses a looming challenge. As the population continues to age and healthcare costs continue to increase, doubts have been raised about the long-term sustainability and financial viability of this system. It is expected that pension payments—which are now sufficient for urban workers at 70% of their local average wage—will exceed the contributions to the public pension fund. The younger generation of workers, thus, may not be able to access the fund and its monetary support by the time they retire. To mitigate this problem, the government has been transferring funds from more prosperous provinces, such as those in the Pearl River Delta (PRD), into poorer provinces, like those in the northeastern rust belt. However, as mentioned previously, the redistribution of those funds is often delayed by the richer provinces that want to continue to grow their industry and economy. While the CCP is also considering raising the retirement age following the increased life expectancy in China and requiring employees to work for more years before qualifying for a pension, they have released no concrete plans.25

Another institutional challenge to the practicality of the social insurance system is the hukou system. The hukou system was designed with the idea that workers were not mobile and that rural workers would remain in rural areas, and urban workers would remain in urban areas. However, following the movement of MPWs into cities, this urban-rural divide has become more complicated to navigate. Since social insurance is tied to hukou, it is also largely inflexible and not portable. This has made many MPWs hesitant to purchase insurance, preventing the universal coverage of workers.26 Moreover, the urban-rural divide has prevented the creation of a unified social security system. For example, the endowment insurance policies for those with

rural *hukou* are different from those with urban *hukou*, complicating different workers’ access to these benefits and disallowing a centralized system available to all.\(^{27}\)

These various issues regarding social insurance culminated in the 2014 Yue Yuen Strike, a watershed movement that changed the class composition and demands of striking workers.

**Yue Yuen Strike**

The Yue Yuen factory in Gaobu town, Dongguan, Guangdong province, was part of Yue Yuen Industrial Holdings, a Taiwanese company that is the world’s largest athletic shoemaker, producing for major brands such as Nike, Adidas, and Reebok. In April 2014, 40,000 workers went on a strike that lasted for two weeks, making it one of the largest and most significant strikes in China’s history. While Yue Yuen mostly operated in a “regime of ‘flexible mass production’”\(^{28}\) characterized by low-wage production and advanced machinery, it had a relatively high portion of permanent staff, and its working conditions and social benefits for workers were one of the best in the region. They practiced a code of conduct that included not having forced labor and compensating overtime work; they also provided a kindergarten, hospital, English courses, and various leisure activities to enrich the social lives of their workers.\(^{29}\) However, before the strike, conditions had been going downhill. In many ways, supplier companies like Yue Yuen were oppressed by the bigger, multinational companies they provided products to. Their profits are limited, so the ways they can increase profits are by reducing labor costs and increasing working efficiency, resulting in the poor treatment of workers. As investors continued to seek cheap labor that was now also provided elsewhere, such

\(^{27}\) Zheng, Gongcheng. “中国社会保障制度变革挑战.”


\(^{29}\) Schmalz, Stefan, Brandon Sommer, and Hui Xu. “The Yue Yuen Strike: Industrial Transformation and Labour Unrest in the Pearl River Delta,” 290
as in Vietnam, Yue Yuen began cutting costs associated with workers.\textsuperscript{30} As a result, wages grew slowly, and cuts to workers’ bonuses often offset minimum wage increases. Thus, discontent regarding wages, social services, and working conditions began to simmer.

Despite the aforementioned dissatisfactions, the emphasis of this strike was not on increased wages or better working environments—although those were among the conditions the workers demanded. Instead, the main focus was for the company to reimburse missing and embezzled social security payments.\textsuperscript{31} Previously, MPWs faced difficulties transferring their pension across regions and often could not access their funds if they returned home to rural areas after retirement. However, a government reform in 2013 made pension claims more portable, allowing workers to transfer them across provinces.\textsuperscript{32} This act invigorated workers, who now had a greater incentive to fight for their rights to social insurance. Moreover, the company incited feelings of anger and betrayal in workers, as they realized that the company was both mired in corruption rumors and that the limited amount of money it contributed to the pension fund was less than expected: Yue Yuen had been using the local minimum wage instead of the company’s gross wage to calculate its contributions, resulting in a much lower cost for it.\textsuperscript{33}

The issue of missing social security payments was particularly prominent at Yue Yuen because most of the core staff were middle-aged or older MPWs. Many of them had also worked there for more than ten years.\textsuperscript{34} While previous literature had concluded that younger workers spearheaded various labor movements, this was different in the case of Yue Yuen. The workforce as a whole had aged, and social insurance payments were most relevant for these

\textsuperscript{30} Ibid, 290
\textsuperscript{31} Ibid, 286
\textsuperscript{32} Ibid, 293
\textsuperscript{33} Ibid, 291
\textsuperscript{34} Ibid, 291
workers who were nearing retirement. In the past, older MPWs were viewed as more docile, less assertive, and less willing to strike, as their employment was already precarious, and many feared the repercussions of striking. However, as the MPWs aged, they began thinking about retiring comfortably and stably, accessing their pension claims, and potentially transferring their pension back to their hometowns. This shift in their mindsets molded them into the new leading demographic group in labor-management conflicts. To receive social security payments post-retirement, workers must have contributed at least fifteen years of social insurance payments. For workers at Yue Yuen, their precariousness was no longer a hindrance. Instead, this new “age-precariousness” became a driving force behind the workers’ decision to strike, as the potential losses caused by the company’s nonpayments were too great.35

In response to the workers’ demands, the company decided to give workers a stipend of ¥230 per month, pay social insurance according to the rates required by law, and repay the missing social insurance and housing funds, with employees still responsible for paying their individual parts of the funds. However, workers were dissatisfied with Yue Yuen’s plan, as each worker would now have to pay around ¥400-¥500 in contributions to the pension fund, which meant that their real income would not increase even with their new allowance of ¥230.36 They then requested a 30% increase in wages so that their income could match the local average of ¥3000. Moreover, they insisted that the company and government should cover all the missing social insurance payments since the nonpayments stemmed from these authorities’ irresponsibility, and most workers could not afford the additional spending. The company

35 Ibid, 295
refused, stating that employees should still fulfill their individual contributions to the social insurance fund and that there was no legal basis for a wage increase. 

During the strike, thousands of police officers from across the PRD were mobilized to the factory to suppress the strike—sometimes violently—and arrest workers. Following Chairman Xi’s rise to power in 2012, the government has also taken an increasingly harsh stance against strikes, choosing to repress them when possible. The negative and unsupportive attitudes from the company and all levels of government created a sense of disillusion among workers and exacerbated the conflict between laborers and capital owners.

The government’s focus on economic development can once again explain its attitude towards the workers’ problems and reasonable demands. The local government in Dongguan emphasized that “development is the hard truth” (“发展是硬道理”) and “stability is the most important” (“稳定压倒一切”). Thus, development and stability were its primary goals and responsibilities, and it used them as excuses to ignore the wrongdoings of the capitalist enterprises. To ensure the fulfillment of these goals, they were more willing to stand on the side of capital.

Since 2013, workers in Guangdong have become increasingly concerned about social insurance and plant relocations and mergers, with these two factors accounting for 11.9% and 11% of worker action, respectively. Inspired by the Yue Yuen Strike, many other strikes asking for social insurance payments commenced in Guangdong: there were ten strikes from April to August of 2014, and 2,500 workers went on strike in December 2014 at Guangzhou Panyu Lide Shoes Co. to demand reimbursement of missing social insurance payments. In 2015, 5,000

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37 Zhou, Jianming. “裕元鞋厂罢工的思考：阶级意识、维稳和发展模式.”
38 Ibid, 294
workers went on strike at Stella Shoe Co. in Dongguan with the same issue.\textsuperscript{40} Recent escalations of labor movements related to social security payments have continued to pressure the government to reform and expand its current policies with more clarity and scope. The rise in strikes may also depict the shift to a more active and assertive labor force ready to defend and fight for their rights. While individual strikes may improve the working conditions at certain factories, only more comprehensive and more cohesive social welfare programs will solve the roots of social insurance issues and ensure that companies and governments alike practice social security laws.\textsuperscript{41} Overall, despite the current government and law proclaiming that all must be enrolled in social insurance, reality has proven to be much more complicated.

However, social insurance may not be the most prevalent or important social issue in China. Another potential reason for the newfound focus on social insurance is because it is the easiest to receive legal remuneration from: It is often legally justifiable, and it is difficult for employers to deny the existence of the problem. Moreover, once striking workers gain the government’s attention, it is difficult for the government to try to suppress the movement or ignore it to maintain stability.\textsuperscript{42} Activists at Yue Yuen had consulted with a labor NGO before deciding on their central claim.\textsuperscript{43} Thus, although the Yue Yuen Strike, among other strikes, was based on getting reimbursement for social security payments, it also encompassed the MPWs’ frustration about their mistreatment at the workplace.

\textsuperscript{40} Ibid, 295
\textsuperscript{42} Zhou, Jianming. “裕元鞋厂罢工的思考：阶级意识、维稳和发展模式.”
\textsuperscript{43} Ibid, 293
Conclusion

Following the influx of MPWs into cities, they have faced various forms of unequal and discriminatory treatment. Their rural *hukou* limited their access to benefits and social welfare in urban areas, and the government’s preoccupation with economic development often overpowered the need to protect this group of precarious and marginalized workers. While there was a set of laws to ensure some of their rights, they often were not enforced because doing so would be costly to companies and unattractive to investors. Wage arrears, poor working conditions, and invalid contracts were among the main issues in early strikes and protests as China transformed into an industrial market economy.

However, in the past decade, one labor issue has entered the spotlight: the social insurance system. This system required contributions from employers and employees, and concerns soon grew regarding firms’ missing payments into the insurance funds. The Yue Yuen Strike of 2014 is an exemplary case of the problems caused by the Yue Yuen company’s nonpayment of social security funds. Not only did it illustrate workers’ changing demands, but it also elucidated the changing composition of striking workers: no longer were older MPWs on the sidelines of strikes. Instead, they were the leaders in the Yue Yuen strike to fight for their rightfully deserved social security and pension funds.

In general, social security systems have lagged behind China’s rapid economic development. As workers continue to strike and become more assertive in defending their rights to social insurance, the only way for enterprises and the government to combat the root cause is by enhancing, expanding, and clarifying current laws so that enterprises are not able to shirk their responsibilities. Moreover, these changes should be accompanied by systematic reforms, such as to the *hukou* and healthcare systems, to ensure that all workers are protected in all
aspects of life. The implementation of a comprehensive and unified social welfare system would increase the quality of life of all and help laborers work with dignity. While these supportive reforms would ideally occur, China’s emphasis on becoming an economic superpower may continue to put workers’ rights in the backseat.
Bibliography:
Labor Migration in China: Are the Current Policies Sustainable?

Tess Yu

Labor Politics in China

Professor Gaochao He

Johns Hopkins University
Introduction

China is currently facing a severe population trend issue. An aging population, low fertility rates, and high rates of emigration are causing China’s working age population to severely decrease.¹ China’s working age population is expected to fall by 10.5 million between 2015 and 2020; this trend is expected to continue, with the biggest fall in working age population of 41.9 million workers occurring between 2035 and 2040.² The issue is exacerbated in China’s urban areas. Since the late 1960s, China’s urban fertility rate has been below the national average, with the urban total fertility rate staying steady at around 0.8 to 1.2 since the mid-1990s.³ Furthermore, although previously China could rely on rural fertility rates to remain relatively high to mitigate the effects of the low fertility rates of urbanites, it is now becoming increasingly clear that rural fertility rates are also on the decline.⁴

Thus, it is critical to examine the impact of current labor migration policies in China. Although there is some debate as to the efficacy of such a policy, it is generally recognized that increased importation of labor (i.e., immigration) is one of the best solutions to solving the issue of a rapidly aging population.⁵ This paper seeks to answer the question of whether China’s current labor migration policies are sustainable in the long run. This paper will examine the current literature on China’s policies regarding both internal migration and international immigration to China; emigration from China will not be examined closely in this paper. First this paper will analyze existing literature on the impacts of the hukou system on migration patterns and the impacts of internal labor migration on the welfare of migrant workers and their children. The paper will then examine the impacts of current immigration policies on international labor migration—including return migration—and how effective these policies are at not only attracting talent, but also retaining talent.

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This paper will primarily focus on the policies and trends that occurred as a result of these policies prior to the COVID-19 pandemic, as migration policies and patterns were severely disrupted in the aftermath of the pandemic and there is currently not enough data to clearly define any patterns.

I. Internal Labor Migration

A. The Hukou System

The hukou system, implemented in 1958, was designed to control the flow of labor. Under this system, Chinese citizens are given a hukou—a household registration—based on their parents’ hukou. In many cases, access to basic social welfare benefits is denied to those without the hukou for that particular area, known as the local hukou. The hukou is divided such that in urban areas, there only is freedom of movement within that particular city, whereas for those with a rural hukou, there is freedom of movement within all the rural areas of the province. However, moving from rural areas to urban areas is especially difficult, with the local hukou being notoriously difficult to obtain; very few migrants are ever able to do hukou migration and get local residency rights. Instead, most rural-urban migrants are classified as part of liudong renkou, or “floating population.” These migrants are technically not meant to stay in their migration destinations for long periods of time; however, the reality is that these migrants might stay for anywhere between several months to several years. From 1980 onwards, although the number of hukou migrants—those who obtain the local hukou—have remained steady at 17 to 20 million, the floating population of migrants has increased significantly over the years, no matter what criteria and restrictions are utilized to categorize this group of people.

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7 Ibid, p.94
8 Ibid, p.97
The general trend for years has been for migrants to move to coastal provinces, with Guangdong and lower Changjiang delta being the primary destinations.\(^9\) From the 1990s to early 2000s, there was a trend in which the flow of migration to coastal provinces was increasing over time; in the early 1990s, migration to coastal provinces only accounted for 39% of all interprovincial migration, but in the late 1990s, Guangdong alone accounted for 34.3% of net interprovincial migration while the top five coastal provinces accounted 54.1% of net interprovincial migration.\(^{10}\) From 2000-2005, Zhejiang rose to be the second largest net importer, which decreased Guangdong’s share of migration,\(^{11}\) but, the top five coastal provinces still accounted for 54.8% of net migration.\(^{12}\) However, the source of China’s internal migration has diversified over time, with the top 4 exporters of migrants (Hunan, Henan, Anhui, and Sichuan) all sitting at -7.4 to -8.4 net migration in the early 2000s.\(^{13}\) Furthermore, rural migrants have shown a trend of moving to further destinations.\(^{14}\) Between 1993 and 1998, the proportion of inter-provincial migrants (IPM) from Central China that moved to the eastern provinces increased from 79.2% to 87.3%, while the proportion of IPM from West China that moved to the eastern provinces increased from 52.2% to 79.4%.\(^{15}\)

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\(^9\) Ibid, p.100  
\(^{10}\) Ibid, p.101  
\(^{11}\) Ibid, p.101  
\(^{12}\) Ibid, p.102  
\(^{13}\) Ibid, p.101  
\(^{14}\) Ibid, p.107  
\(^{15}\) Ibid, p.108
This migration is done with the goal of closing the income gap between provinces, especially that between eastern provinces and other provinces, and between this growing trend of migration and other pro-poor policies implemented by the central government, it does seem to at least been keeping the income gap at a steady level.\textsuperscript{16} However, despite how common rural migrants are, in particular those who are part of the “floating population,” not much has been done to change the properties of the \textit{hukou} system that lead to such rampant discrimination against these migrants. The reforms that have been made over the years have been limited to surface level and administrative reforms and have yet to successfully overhaul the foundation of the system which rests on discrimination against those born with a rural \textit{hukou}.\textsuperscript{17} Oftentimes, policies for the improvement in the treatment of migrant workers is left up to each city or province to decide on, and can often create contradictions that “counteract the central government’s rhetoric.”\textsuperscript{18}

\textbf{B. Migrant Workers’ Welfare}

Under the \textit{hukou} system, all social welfare benefits, such as education and medical care, being linked to a person’s \textit{hukou};\textsuperscript{19} thus, it is inevitable that the welfare of migrant workers would take a hit upon moving to an area where they do not have the local \textit{hukou}. In 2008, a comprehensive study was conducted in Hangzhou, China comparing the health outcomes of rural-urban migrants to that of local rural and urban workers (i.e., those who stayed in the locations listed on their \textit{hukou}).\textsuperscript{20} In this study, it was found that while migrants overall reported better health status than those who stayed local, migrant workers had a higher rate of work injury (23\%) than that of both rural and urban locals (10\% and 16\%, respectively).\textsuperscript{21} Furthermore, the study found that far fewer migrant workers were insured (19\%) than local urban workers (68\%) and that despite the higher rates of injury at work, fewer migrant workers had occupational injury insurance (15\%) than local urban workers (24\%).\textsuperscript{22} Furthermore, 41\% of migrant workers stated

\begin{itemize}
\item \textsuperscript{16} Ibid, p.110
\item \textsuperscript{17} Ibid, p.111
\item \textsuperscript{18} Ibid, p.113
\item \textsuperscript{21} Ibid, p.194
\item \textsuperscript{22} Ibid, p.195
\end{itemize}
that the high cost of health care in Hangzhou was a deterrent to seeking out health care in comparison to just 29% of local urban workers.\textsuperscript{23} Local rural workers generally had much worse access to healthcare than both migrant and local urban workers.\textsuperscript{24}

<table>
<thead>
<tr>
<th>Table 4. Access to health care by residence status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Do you have any kind of health insurance?</td>
</tr>
<tr>
<td>Migrant</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>845 (19.0)</td>
</tr>
<tr>
<td>Percentage of health-care cost reimbursed through insurance?</td>
</tr>
<tr>
<td>≤10</td>
</tr>
<tr>
<td>11–50</td>
</tr>
<tr>
<td>51–75</td>
</tr>
<tr>
<td>≥76</td>
</tr>
<tr>
<td>Don't know</td>
</tr>
<tr>
<td>If not insured, would you like to join a health insurance scheme?</td>
</tr>
<tr>
<td>1,541 (47.0)</td>
</tr>
<tr>
<td>Have you needed medical care for illness and been unable to afford it in the last year?</td>
</tr>
<tr>
<td>622 (15.0)</td>
</tr>
<tr>
<td>Is the high cost of treatment in Hangzhou a deterrent to seeking health care?</td>
</tr>
<tr>
<td>1,826 (41.0)</td>
</tr>
<tr>
<td>Do you have occupational injury insurance?</td>
</tr>
<tr>
<td>622 (15.0)</td>
</tr>
</tbody>
</table>

\textsuperscript{a}Percentages are of those who are insured.
\textsuperscript{b}Percentages are of those who are uninsured.
\textsuperscript{c}These questions do not apply to rural dwellers.
\textsuperscript{N/A} = not applicable

\textit{Hesketh, Therese, Ye Xue Jun, Li Lu, and Wang Hong Mei. “Health Status and Access to Health Care of Migrant Workers in China.”} p.195

The study raised two potential effects that may confound the results. First, is the healthy migrant effect, in which there is a selection bias because those who are unhealthy or seriously injured would either return back to their place of origin or just have never migrated, while migrants who are staying in urban areas are generally healthy enough to work.\textsuperscript{25} Second, the study argues that the potential long-term health impacts on migrants is much more severe than that on local urban workers. Due to the lack of access to insurance and the greater reluctance to seek out healthcare, it is very likely that in the long run, this would cause migrant workers to have worse health as they age, which would also mean that as time goes on, overall rural health would decrease as ill migrant workers return to their places of origin due to no longer being able to work.\textsuperscript{26}

\textsuperscript{23} Ibid, p.195
\textsuperscript{24} Ibid, p.195
\textsuperscript{25} Ibid, p.195
\textsuperscript{26} Ibid, p.196
More recently in 2016, a study was done on the health inequality of migrant workers, which sought to examine the disparity in health outcomes between migrant workers in urban areas. Using data from the 2012 China Labor-force Dynamics Survey, it was found that among migrant workers, those who had a lower income had worse health outcomes. This is likely because, as was stated in the 2008 study, cost is a much bigger barrier to healthcare access for migrant workers than for local urban workers.

Beyond just physical health, it’s also important to measure the mental health of migrant workers. A 2011 study focused on the prevalence of depressive symptoms (DS) among migrant workers in Shenzhen. The study found that 21.4% of migrant workers had clinically relevant DS—far greater than the prevalence of DS among the general population of China (9.5%). This is likely to be due to major stressors such as lack of social welfare benefits, social stigma, and discrimination being unique to migrants. Interestingly, this study found that there was no correlation between gender and a higher risk of having clinically relevant DS. This is contradictory to the common understanding of the relationship between the two, where men have higher levels of DS than women; this difference has historically been attributed to rural men often facing much greater pressure from their family to provide sizeable remittances than women and the fact that in many cases, women migrant to accompany their husbands and thus are not expected to really be the main provider or even work at all in some cases.

C. Welfare of Children of Migrant Workers

Over the past few decades, it has become common practice for rural families to be split, with one or both parents going to urban areas to find work while leaving their children in their

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30 Ibid
31 Ibid
32 Ibid
33 Ibid
rural homes to get their education. This practice is due to the hukou system restricting urban education access of those with rural hukou. Children with a rural hukou are only able to attend school for where their hukou is registered and are unable to attend urban schools if they follow their parents to their work in urban areas. Although it has long since been accepted as a strategy that was to the economic benefit of rural families and would propel the children of migrant workers ahead in life by allowing them to have an education, a 2017 paper calls this notion into question. The paper uses a family-centered relational perspective to examine the effects of being left behind on children. Specifically, the paper examines the psychological implications of leaving children behind and the potential long term harms that may be invisible on the surface level or that may not be found for several years. For instance, the paper found that these rural migrant families are similar to the families in North America that are split due to divorce, incarceration of a parent, or other factors. It postulated that there are several negative outcomes for children of these families—namely, increased risk of being trapped in poverty, increased delinquency, slower development of intelligence, and increased risk of depression. Indeed, the paper found that recently, there has been an increasing amount of juvenile crimes being committed by the left-behind children.

The paper also brought up that although many parents are leaving children behind in hopes of being able to provide them money to attain a good education, this may not necessarily become the reality of the children who are left behind. First, the grandparents who stay with the children often are not educated enough to help the children with their schoolwork; 75% of grandfathers have only received up to an elementary school education while 94% of grandmothers did not receive much education at all. Beyond this, there also are severe issues with the education system in rural areas. Despite efforts made by the central government, the level of investment in rural schools is still below that of urban schools and the quality of education is far behind that of urban schools; these issues are exacerbated by the fact that a large number of rural schools closed down over the years due to the low population in rural areas.

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36 Ibid
37 Ibid
38 Ibid
Thus, high rates of school dropout and low enrollment rates are the main issues that have been plaguing China’s campaign to eradicate rural poverty through education.\(^{39}\)

In recent years, the restriction has been loosened in some cities, allowing some migrant parents to bring their children with them to cities as they work.\(^{40}\) However, despite this seemingly being a solution to the issue of children being left behind, a 2019 study found that the move to a city in which they are continually discriminated against may instead serve to worsen the mental health of migrant children.\(^{41}\) The study found that regardless of whether it was in rural or urban areas, children who remained with their parents in their place of origin were the least susceptible to psychological problems.\(^{42}\) The study attributed this to not only proximity of the children to their parents, but also proximity to other relatives who “often act as primary carers” even with the parents present in the children’s lives.\(^{43}\) The study goes on to note that among the rural children with migrant parents, it’s those who migrate with their parents who are actually the most susceptible to psychological problems, rather than the children who are left behind, once sociodemographic characters are adjusted for.\(^{44}\) The researchers noted that the new environment and lack of support system, plus the discrimination these children may face at school are the main contributing factors.\(^{45}\) In fact, the researchers noted that in the interviews with the children, several of those who migrated with their parents expressed that they missed their grandparents and wished their grandparents had also migrated with them.\(^{46}\)

\(^{39}\) Ibid
\(^{41}\) Ibid
\(^{42}\) Ibid
\(^{43}\) Ibid
\(^{44}\) Ibid
\(^{45}\) Ibid
\(^{46}\) Ibid
II. International Labor Migration

China’s immigration policies are generally targeted towards attracting high skilled workers. These are workers who have at least attained a bachelor's degree and are generally working in science and technology fields. This was done to, ostensibly, counteract the “brain drain” that was occurring in the country during the 1990s and 2000s.\(^{47}\) This strategy is two-fold. First, China seeks to attract foreign talents. Second, China seeks to encourage its expats to return to the country. To achieve both fronts, China has a multitude of programs with different benefits and incentives designed attract each group of people.

Historically relatively closed off to foreigners, China has been loosening some of its policy that prevents foreign high-skilled workers from remaining in China and diversifying its

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attraction channels through “talent plans, policies, and permanent residency reforms.” For instance, in 2017, China dropped its requirement for foreign students in Chinese universities to have two years of overseas experience before being able to be employed in China after graduation; instead, foreign students are able to be employed within a year of graduating. Furthermore, changes to the work permit standard were made so that workers were categorized as A, B, or C depending on their skill levels, with those in category A (highly skilled) being able to receive benefits other categories may not necessarily receive, such as accessibility to the Chinese labor market.

However, the labor rights protection of foreign workers remains a big issue in China. There are no protections for foreign workers enshrined in China’s laws, leaving the foreign workers vulnerable to exploitation. This was done due to an out of date perception that foreign workers are privileged, work in privileged jobs, and are able to go to their home countries and get social welfare benefits there, thus they do not need to be offered any protections. Furthermore, the national policy focus on management and control of immigration makes it difficult for immigrants to integrate and for communities to be able to accept them with open arms without coming into conflict with the national level policy. Thus, in many cases, foreign workers are ostracized and receive no support or help when being exploited.

China’s most well-known return migration program was the Thousand Talents Program that ran from 2011 to 2018. This policy was aimed at all Chinese communities and people of Chinese descent abroad, not just those who had recently emigrated out of China. It was meant to increase the level of science talent in China. However, over the years, it has become clear that it’s not as effective as it hoped, especially with regards to return migrants. A 2023 study found that although the return migrant scientists were “high-caliber” talents, they still were not the best

51 Ibid
52 Ibid
of those who left China to study abroad. Instead, those who were the best remained abroad and, in many cases, took up faculty positions in foreign universities. This is in spite of the program offering returnees a multitude of benefits, including a one-time 500,000 yuan RMB subsidy, housing subsidies, priority for grants, and increased team sizes.

The number of perks and benefits offered to return migrants often creates controversy among those who stayed in China. Although, in general, Chinese citizens recognize the benefits that return migrants bring to the country, there is general unhappiness with the way return migrants are prioritized far above those who stayed. Professors and entrepreneurs that stayed in China seem to mainly have issues with the fact that the return migrants are given material benefits that far exceed what they believe to be the value of the return migrants; however, blue-collar workers tend to have a bigger issue with the fact that these material benefits are only serving to widen the wealth inequality gap in China, with many criticizing that those who go abroad to study are from rich families, and then come back and get even richer while these workers have worked long hours each day only to be unable to provide for their families.

<table>
<thead>
<tr>
<th>Professors</th>
<th>Entrepreneurs</th>
<th>White collar</th>
<th>Blue collar</th>
<th>Students</th>
<th>Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
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<td>11</td>
<td>6</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

| Returning migrants are contributing positively to China's development |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agree                      | 3               | 2               | 1               | 0               | 5               |
| Neutral                    | 4               | 4               | 3               | 2               | 4               |
| Disagree                   | 12              | 9               | 5               | 7               | 3               |

| Returning migrants are your competitors in the job market |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agree                      | 4               | 5               | 1               | 1               | 2               |
| Neutral                    | 5               | 3               | 4               | 1               | 5               |
| Disagree                   | 10              | 7               | 4               | 7               | 5               |


Conclusion

China’s labor migration policies have generally not been as conducive to encouraging migration and are generally unsustainable long term when looking at other societal dimensions beyond just labor and economics. Current migration policies are either completely hindering labor mobility (e.g., the hukou system) or are not moving labor in the intended way (e.g., the Thousand Talents Program). Furthermore, all these policies are negatively affecting migrants and non-migrants alike, creating issues such as increased juvenile delinquency in rural areas, increased psychological problems among migrant children, high levels of exploitation of foreign workers, and deepening wealth inequality, all of which could potentially destabilize China long-term, especially if they continue to happen in conjunction as they are now. China needs to seek to completely overhaul its labor migration system, starting with addressing the rural-urban divide and restructuring the hukou system.

The current literature is lacking comprehensive comparative analyses of China’s policies and those of other countries. It would help to put China’s current state into context, especially if the comparative analysis is done between China and other countries when they were in a similar state to China right now. For instance, it would be helpful to do a comparative analysis of the brain drain the UK experienced in the post-war era to China’s current brain drain issue and do a comparison of the efficacy of either country’s policies in stemming the brain drain. It might also be helpful to do an analysis of South Africa post-Apartheid and apply it to China to serve as a predictor of what could potentially happen if the hukou system is entirely lifted and labor is able to move freely. This could also serve to pre-emptively prevent some problems that currently plagues South Africa, such as continued discrimination between the “first tier” and “second tier” citizens.
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Section IV
Economic Development in East Asia
The Divergent Presence of Economic Inequality Along China’s Belt and Road Initiative

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The Economic Experience of the BRIC Countries

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Introducing the Belt and Road Initiative

The economic environment of the early twenty-first century was increasingly volatile in the Asian market. China, specifically, emerged from a decade rife with the consequences of US-China trade rivalry across the Singaporean coast, the legacy of the financial crisis in 2008, and the growing economic inequality between central and coastal China.¹ To address the ramifications of these three issues and expand production into interdependent markets, President Xi Jinping launched the Belt and Road Initiative (BRI) in 2013 as a means to increase connectivity and cooperation between China and Southeast Asia, Africa, and Europe, resulting in the creation of large-scale land and sea trade infrastructure. Beyond the project’s trade and infrastructure efforts, the BRI has pursued policy coordination, financial integration, and “people-to-people” ties with the goal of forging mutually beneficial relationships.²

Through the creation of the BRI, China and its partnering countries have gained a multitude of economic and political benefits. Chinese domestic benefits include a reduction in transportation costs and times, a decline in trade regulatory hurdles, and a strategic expansion of Chinese export markets.³ Additionally, the BRI’s vast array of infrastructure projects, which had been designed to connect the structurally underdeveloped central and western provinces to Central Asia, stimulated greater economic production through supply-side development and workforce invigoration.⁴ Partnering countries have also been projected to benefit from the

initiative. Although many countries rely on international institutions for loans, such as the World
Bank and other multinational lenders, developing countries often face more restrictive covenants
in their usage of multinational loans due to lower investor confidence and the risks entailed in
investment activity. Thus, many developing countries view economic agreements with China as
a means of getting “access to the world's spare capital” that they had previously been restricted
from.5

Research Question and Thesis

The developed transportation infrastructure of the BRI has remained largely homogenous
in design, constructed out of the same materials across China and most all beneficiary countries.6
Despite the projected benefits for the beneficiary countries, especially with the cohesivity in
design across country borders, China has experienced substantially better outcomes in
comparison. In fact, from 2013 to 2018, trade between China and the member states reached six
trillion USD, accounting for 27.4% of China’s total trade in goods; whereas, the beneficiary
countries were saddled with increasing debt.7 Moreover, there has been persistent economic and
spatial inequality and poor income redistribution measures in Central Asia and Southeast Asia,
respectively, both of which are key BRI-partnering regions.8

In analyzing the disparity of benefits, numerous questions arise. What factors contribute
to the large-scale differences viewed within China and externally? Although the design of the

5 Rafiq Dossani. “Demystifying the Belt and Road Initiative.” RAND Corporation, 6 July 2020,
6 Dossani. “Demystifying the Belt and Road Initiative.”
7 “The Belt and Road Initiative Progress,” 20; Indermit Gill, Somik V. Lall, and Mathilde Lebrand. “Winners and
Losers along China’s Belt and Road.” Brookings, 21 June 2019, https://www.brookings.edu/blog/future-
8 Kathryn Anderson and Richard Pomfret. Spatial Inequality and Development in Central Asia. United Nationns
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project remains consistent across countries, why do countries experience differential levels of economic gain? Does the funding structure of the project impact the relationships between China and beneficiary countries? Why is a project that is slated to reduce income inequality across developing countries only exacerbating the issue? Ultimately, one main question remains: given that the BRI infrastructure projects are homogeneously designed, what accounts for the differences in the level of reduced economic inequality between China and partner countries? This essay argues that the large-scale differences in economic inequality resulting from the BRI largely stem from three sources: the bias of the funding structure towards Chinese state-owned enterprises (SOEs), the targeting mechanism China uses to select beneficiary countries, and the inefficient placement of infrastructural projects within beneficiary countries.

I. Biased Funding Structures

When analyzing the differing levels of economic progress achieved by members participating in the BRI, it is imperative to focus on the funding structure that dictates where funds are coming from and how they are being utilized. Although China has pushed to privatize its state-owned enterprises over the past two decades to develop better-performing companies, these state-owned enterprises actually receive “lower-interest loans and subsidies more frequently, and in greater quantity, than other enterprises.” In fact, researchers at the National Bureau of Economic Research have concluded that there exists a hierarchy structure with currently state-owned firms at the top “receive[ing] more subsidies and lower interest rates than formerly state-owned firms - [partial government-private organizations] - and completely-private firms.”

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10 Belsie. “Favoritism toward China’s Former State-Owned Enterprises.”
financial crisis environment catalyzed an increased preferential towards state-owned enterprises, widening the interest rate divide by “two percentage points.”

Recently, governmental bias towards state-owned institutions in loan structures has largely impacted the funding structure of the BRI. To support the construction of BRI infrastructural developments, Beijing injected “massive amounts of capital into Chinese public financial institutions” at “low borrowing costs [...]”, allowing them to lend cheaply to Chinese companies working on BRI projects.” As a result, a large majority of BRI projects have “been funded either by Chinese policy banks, such as the China Development Bank and Exim Bank of China, or by the large Chinese state-owned banks,” as reflected in the graph above, where 89% of Chinese-funded projects involve Chinese contractors. By favoring state-owned enterprises

11 Belsie. “Favoritism toward China’s Former State-Owned Enterprises.”
12 China Power Team. “How Will the Belt and Road Initiative.”
through the provision of lower interest rates, the government can ensure that “China’s SOEs…
offer highly competitive bids for projects against foreign companies that might be more
financially constrained,” allowing them to receive the most returns on capital.\textsuperscript{14} For example, in
a 2015 bid to develop a high-speed rail project in Indonesia, numerous Japanese construction
companies lost to their Chinese counterparts. The Indonesian government stated after the fact
that in addition to lower interest rates, the proposals offered by Chinese lenders had less
restrictive covenants than their Japanese lending competitors, signaling an obvious choice.\textsuperscript{15}

The over-presence of Chinese state-owned enterprises as project developers for
beneficiary countries, however, has riddled infrastructure projects with severe consequences.
Firstly, although Chinese state-owned enterprises are more attractive price-wise, countries that
select Chinese bids often deal with vague contracts that need frequent revision and face
construction delays due to “licensing and land acquisition issues.”\textsuperscript{16} As a result of these
administrative complications, development projects have been largely postponed and even
canceled, negatively impacting the potential economic gains that beneficiary countries were
projected to experience.

Secondly, the control of infrastructural bids by Chinese state-owned enterprises largely
dictates the composition of laborers working on infrastructure projects. Although the BRI was
projected to spur employment among beneficiary countries, such has not been the case. In
multinational infrastructural deals, participating countries often seek to increase their proportion
of local hires to work on projects, contributing to the local income and the generation of human
capital. However, Chinese firms conducting the BRI projects “seek to keep labor costs down

\textsuperscript{14} Osborne. “Project Financing Issues.”
\textsuperscript{15} Osborne. “Project Financing Issues.”
\textsuperscript{16} China Power Team. "How Will the Belt and Road Initiative."
while accommodating Beijing’s political preferences.”17 As a result, the labor workforce of BRI projects largely consists of imported Chinese laborers rather than local workers, once more shortchanging the employment benefits for beneficiary countries. In fact, both Laos and Myanmar are prime cases of such labor substitution. As of 2019, nearly one million Chinese workers were reported to have been officially employed overseas, on tourist visas, or employed through unofficial means.18

Critics of the negative perception of offshoring Chinese workers often cite Cambodia as a counterpoint to the general trend, insisting that “BRI projects have created an estimated twenty thousand jobs.”19 However, it is imperative to acknowledge that Chinese firms hire different populations of workers for different job capacities. Oftentimes, for high-skill positions, Chinese firms import Chinese workers due to a belief that “local labor markets are unable to meet their needs or [that] transferring pre-existing employees [is] easier than hiring locals.”20 In the infrastructural developments of Cambodia, Chinese firms “primarily [hired] local laborers for low-skill positions, limiting the possibility of skills transfer.”21 Such was the case with Angola and Ethiopia in 2019, where “nearly all low-skilled jobs were occupied by local workers, while many high-skill positions or management roles were reserved for Chinese workers.”22 The strategic overreliance on skilled Chinese labor comes with significant losses in the potential wage and human capital gains of beneficiary countries.

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17 China Power Team. "How Will the Belt and Road Initiative."
20 Hillman. “Who Built That?.”
22 Hillman. “Who Built That?.”
Overall, the financial benefit of lowered interest rates provided to Chinese state-owned enterprises has allowed Chinese firms to control a majority of BRI development projects. The government-backed prioritization of state-owned enterprises underscores a looming issue that China has already started to experience. Many countries have become aware of the corruption and bias between the Chinese Central Bank and state-owned enterprises, and, as a result, beneficiary countries have received “offers of investment” with “lukewarm responses” as they “distrust Chinese motives.” Additionally, the overreliance on predominantly Chinese labor in BRI projects has caused significant outcry from beneficiary countries who have experienced severely negative economic shocks. The bias associated with the funding structure of BRI projects has not only hampered development in beneficiary countries, but also catalyzed an anti-Chinese sentiment that is affecting economic prosperity in an interconnected, geopolitical environment.

II. Predatory Targeting Process

The second source of large-scale divergence in benefits is the predatory targeting practice used by the Chinese government to strategically select participatory countries in vulnerable economic positions. China tends to select countries that are in severe need of infrastructure funding and yet have no real means to procure such funding on their own, aside from Chinese intervention. A study by the Asian Development Bank estimates that “developing countries of Asia collectively will require twenty-six trillion dollars in infrastructure investment to sustain [economic] growth.” Although multinational agreements such as the G20’s Global Infrastructure Connectivity Alliance and the World Bank’s Global Infrastructure Facility have

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23 China Power Team. "How Will the Belt and Road Initiative."
24 China Power Team. "How Will the Belt and Road Initiative."
historically been the solution to the crisis, countries of the Global South remain apprehensive to join in agreements with these entities due to their high-interest payments and intensely-designed covenants.

Taking advantage of this dichotomy, China has narrowed its target audience and catered to the desires of countries in the Global South. Researchers of the China Power Project at the Center for Strategic and International Studies found that “many of the areas targeted by China suffer from underinvestment due to domestic economic struggles, and they often register low on the United Nations Human Development Index.”\(^{25}\) As a result, they are less likely to receive loans from more established agencies and increasingly desperate to pursue infrastructure projects. To attract these countries, BRI projects often provide alluring incentives to entice vulnerable governments. In a 2019 metastudy conducted by the World Bank of recipient governments, the agency found that “interest rates that Chinese lenders apply to [low-income developing countries] are on average more favorable than loans to [emerging economies],” ranging from commercial rates to interest-free government loans.\(^{26}\) The study also found that “a third of Chinese loans may be collateralized,” taking on many forms such as “the assets of an SOE, physical commodities destined for export markets, or a future revenue stream,” jeopardizing the main assets contributing to a country’s economic growth. By including asset collateralization in their bilateral agreements, the BRI renders already fiscally-weak countries vulnerable to the possibility of debt default.

The collateral collapse has largely manifested already across a number of beneficiary countries. A study by the Center for Global Development found that “eight BRI recipient

\(^{25}\) China Power Team. "How Will the Belt and Road Initiative."

\(^{26}\) Osborne. “Project Financing Issues.”
countries are at a high risk of debt distress due to BRI loans... [facing] debt-to-GDP ratios beyond fifty percent, with at least forty percent of external debt owed to China once BRI lending is complete.”27 To disentangle themselves from the debt trap, these countries must turn to multinational agencies to service the BRI loans as repayments peak: Pakistan is an example of this case, with one-fifth of its GDP, approximately sixty-two billion dollars, being dedicated to debt repayments.

Many counter arguments have been made denying the Chinese government’s excessive debt-trapping behavior, with critics stating that “recipient countries are not hapless victims, but actively are aware of and shape outcomes within China’s development financing system.”28 However, it is imperative to understand that participating countries often lack awareness of the stipulations and consequences attached to bilateral agreements with China due to the deliberate vagueness of the contracts. Although the less restrictive covenants serve as an attractive quality to developing countries in contrast to the highly-demanding contracts of multinational organizations, once in practice, BRI loans are “notoriously opaque, [...] can burden countries with high debt,” and often “violate several international lending best practices involving procurement, transparency, and dispute settlement.”29 Instead of supporting its growth, the country is set up for failure. Since the start of the project, numerous well-established countries have fallen victim to debt-trapping, riddling these countries with high levels of debt instead of anticipated economic growth.

29 Gerstel. “It’s a (Debt) Trap!”
III. Strategic Infrastructural Placement

Besides debt-trapping, BRI projects strategically place developments within China’s underdeveloped regions and locate developments outside of China along already prosperous urban zones, thereby diverting profit towards Chinese firms and exacerbating economic inequality among beneficiaries. Looking at the domestic case, infrastructural growth has been concentrated in underdeveloped central and eastern Chinese cities. Indermit Gill of the Brookings Institute explains that by introducing “new gateways along the land borders in the west and south,” the project creates incentives for workers to move towards the center and the west.\(^\text{30}\) Since the districts with the highest potential for growth are located in the west, the flow of labor allows for increased economic returns among the formerly under-prioritized western and central regions, resulting in a net gain for the country.

Concerning the beneficiary countries, although infrastructural projects are designed to increase trade and employment, investments are often poorly placed, and the reduced labor mobility hampers economic upliftment of local workers. There exists an urban bias in the placement of infrastructural projects, as “BRI transport investments favor development in larger cities near border crossings [as it is more profitable], while people in more distant regions tend to lose out.”\(^\text{31}\) This profit-maximization strategy benefits the Chinese firms investing in these infrastructure projects, rather than focusing on the economic development of downtrodden regions in beneficiary countries. Within the rural regions of the beneficiary countries, due to low transport costs within urban regions, prices of output fall in the short run because of low transport costs. Over time, the lowered prices increase aggregate demand, raising the price of

\(^{30}\) Gill. “Winners and Losers.”
\(^{31}\) Gill. “Winners and Losers.”
exports and wages for workers in urban metropoles near border crossings. As a result, workers in rural sectors of participatory countries find themselves barred from the benefits of global interconnectivity and must migrate internally to access higher wages. Underdeveloped countries—the target of the BRI projects—often lack internal transportation networks, restricting the ability of rural workers to access higher-paying jobs in prosperous urban zones. Consequently, when the BRI raises the wages and welfare of those in urban nodes, rural workers become victims of economic inequality along spatial lines. For example, in Kazakhstan, real wages "grow five times more in and around Almaty (the largest city in Kazakhstan) than in northern parts close to the Russian border." In fact, empirical data confirms that "spatial inequalities [increased] three-fold" post BRI-implementation due to the lack of mobility towards urban zones, widening gaps in living standards of urban and rural zones respectively.

Even when infrastructure projects are centered in urban zones, researcher Elia Apostolopoulou finds that forceful land-grabbing tactics of BRI infrastructural projects "[deepen] urban marginality and social inequality," portrayed through two case studies of Greece and Sri Lanka. The Greek government signed a thirty-five-year concession to COSCO, a Chinese SOE, to operate Piraeus Container Terminal in Athens, Greece. Although the project promised "jobs and [economic] prosperity," and even though COSCO’s control expanded the port's "scale of operations" through the investment," empirical evidence shows that COSCO’s concession has facilitated processes of accumulation, dispossession, and exploitation" beyond what Apostolopoulou refers to as "usual dynamics of terminal privatization." Moreover, the

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32 Gill. “Winners and Losers.”
33 Anderson. “Spatial Inequality
35 Apostolopoulou. “Tracing the Links,” 839-840
arrangement caused the unemployment of "at least 500 full-time workers." Apostolopoulou finds that a similar case occurred in Colombo Port City in Sri Lanka, where the Port City fell victim to “land grabbing and dispossession [by Chinese enterprises]" and "inadequate compensation for lost income and housing damages."36 Even along the urban nodes meant to experience revitalization through infrastructure development, BRI infrastructural efforts have "[enhanced] instead of [tackled] inequality," prioritizing the provision of benefits to Chinese partner companies at the cost of increased economic inequality within beneficiary countries.37

IV. The Supply Side Counterplan

Due to the large-scale increase in economic inequality resulting from infrastructural developments among beneficiary countries, critics of the BRI challenge the program’s prioritization of connective infrastructure, such as railroads and bridges, instead advocating for the supply-side infrastructure that address needed social developments like education and healthcare. This counterplan is best presented through the case of Indonesia, where the demand for social structures that was already present within the country was met with the provision of supply-side social infrastructure from the government, resulting in the decline of economic and social inequality.

The success of school construction through supply-side reforms has shaped human capital in Indonesia through multiple generations. For example, the INPRES program applied oil revenues to school development programs across the archipelago, later being named "the fastest primary school construction program ever undertaken in the world."38 Through the program,

36 Apostolopoulou. “Tracing the Links,” 844
37 Apostolopoulou. “Tracing the Links,” 842
over 61,000 primary schools were built between 1974 and 1979, which doubled the existing number of schools in the country. The new schools provided educational opportunities to many students who were previously unable to access schooling. Although many questioned whether the initiative would be successful, the data collected from the results of the program showed a highly positive economic return. Among the first generation of students who completed the program, there was "an increase of 5.4 percent in wages." This improvement was not limited to the first generation. The INPRES program schools continue to see improvements in the Indonesian population and workforce past the implementation time frame, indicating an intergenerational positive impact. Researcher Bhashkar Mazumder finds that effects grow even stronger among women, especially through mother-daughter lines. Overall, the program gave an internal return rate of "8.8 to 12 percent" on investment and contributed greatly to Indonesia's GDP growth.

In Greece, social infrastructure investment through education could potentially improve labor productivity overall and even "reduce spatial productivity disparities." In a 2016 study, Benos’ team found that education returns in countries similar to Greece are "non-linear and rise with education attainment." As opposed to the urban infrastructure projects in Greece referenced in Apostolopoulou’s case study, social infrastructure investment may prove to be more beneficial. The current effects of upper secondary and tertiary education in Greece link

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40 Duflo. “Schooling and Labor Market Consequences,” 810
41 Mazumder. “Intergenerational Human Capital Spillovers,” 244
42 Duflo. “Schooling and Labor Market Consequences,” 810
44 Benos. “Do Education Quality and Spillovers Matter?” 571
heavily with improvement in human capital, while lower levels of education portray a more neutral and, at times, negative relationship. The study acknowledges that "introducing quality measures," such as decreasing student-to-teacher ratios, turns neutral or negative relationships into positive ones and slightly positive relationships to more significantly beneficial ones. The study's evidence singles out “improvement of education quality" as an effective solution for labor productivity advancement, leading to economic productivity. With the effects of the Indonesian social infrastructure reform case study to serve as a frame of reference, building schools and increasing education quality in Greece could ensure human capital improvement and act in counterpart to the BRI’s other infrastructure projects that deepened inequality and labor precarity.

Conclusion

Ultimately, this paper finds that, despite the vast economic benefits to China, the BRI contributes significantly to worsening inequality for beneficiary countries. The bias of the funding structure towards Chinese SOEs that then overwhelm the majority of contractors building these projects propels the side-effect of more Chinese laborers than local laborers, decreasing the potential for host countries to reduce economic inequality. Meanwhile, China generally selects developing countries that are in need of infrastructure investment and do not yet have the means to do so, forcing many beneficiary countries to collateralize their loans with natural resources and default on their debt. Finally, the strategic placement of infrastructural projects within beneficiary countries means that while China’s underdeveloped central and western provinces reap huge economic benefits from increased development and trade,

45 Benos. “Do Education Quality and Spillovers Matter?” 563
46 Benos. “Do Education Quality and Spillovers Matter?” 569
47 Benos. “Do Education Quality and Spillovers Matter?” 571
beneficiary countries do not see improvements outside of their already developed urban regions, thereby exacerbating spatial inequality.

Given the timeframe left for the completion of the project, these early indications of augmented global inequality signify a need for intervention in the policies prioritized by the Chinese government. Going forward, China could consider supporting beneficiary countries' social infrastructure to stimulate supply-side reforms, leading to a greater reduction in inequality than that of the current BRI infrastructure projects. There are other paths China could pursue to reduce the inequality present in beneficiary countries, but regardless of which path China chooses to pursue, the ramifications of failing to address the burgeoning economic inequalities are severe, jeopardizing not only China’s global image as a powerful hegemon, but also the commitment of their foreign allies to reach the project's intended goals. The Chinese government must reconsider its policy priorities and readjust its implementation of the Belt and Road Initiative.
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The Dismantling of the Japanese Developmental State

Zachary Dermody

Introduction to Economic Development

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Japan was the premier economy of the world from 1950 to 1987, during which its gross domestic product grew an average of 7.4 percent a year. Sustaining a seven percent growth rate for nearly forty years was a task that had seemed impossible. Japan was the first country to move from poor to rich in one generation. The whole world was dazzled, with some even saying that Japan had gone beyond capitalism. Japan was heralded as a new economic model, a Japanese economic model, a combination of Confucianism and Fredrick List.\(^1\) The Japanese began to preach of the virtues of their new system, pointing to lifetime employment, cultural homogeneity, and one-party rule as features other countries could learn from. As Japan continued to grow, America began to see Japan less as a bastion of successful capitalism, and more as an economic behemoth and competitor. Previous admiration turned into fear, leading some to feel the need to weaken Japan’s economic might. The Reagan administration began this process with the 1985 Plaza Accords, which would raise the value of the yen, and reduce Japan’s enormous trade surplus. In 1989, economist Lawrence Summer went so far as to write, “Today, Japan is the world’s second largest economy… Furthermore an economic bloc with Japan at its apex… Is a greater threat to the US than the Soviet Union.”\(^2\) Japan had induced hysteria in the American elite, but then it ended almost immediately. Starting in the late 1980s, stock prices and land value in Japan were rising at historic rates despite slowing economic growth, and by 1991 this Asset bubble imploded. Billions of dollars were lost in days, and Japan entered what many called the Lost Decade. The Lost Decade is a term used to refer to the period of time from 1991-2000 in Japan because of its abysmal economic performance. Japan averaged a 0.5 percent growth rate. Two separate economic crashes caused the hollowing out of manufacturing, and

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periods of deflation. The government tried all types of remedies to mend the situation. The Liberal Democratic Party tried lowering interest rates and discount rates, but the economy barely reacted. After many years of low growth, certain institutions were privatized with the hopes this would stir economic growth. The result was minimal. Since the Lost Decade, the most effective attempt has been by Prime Minister Shinzo Abe and his plan of Abenomics. Abenomics mixes a looser money supply with fiscal spending, but the coronavirus put this new growth to an end.

This paper seeks to answer what went wrong with the Japanese economy. Before one can understand why Japan fell into many years of economic turmoil, the reasons for Japanese success need to be understood. The heart of the success of Japan lies in the Developmental State.

The Developmental State was an idea created to explain the East Asian economic miracles outside the context of Neo-Classical economics. The Developmental State is the set of common policies used by late-developing countries to promote economic growth. According to Joseph Stigliz, Industrial policy is at the core of the Developmental State. “Industrial policies are directed at encouraging and developing certain sectors of the economy.”¹ The idea is to develop sectors of the economy that will provide greater returns in the future than the current dominant sectors. Usually, this is done by emulating highly profitable sectors in wealthy countries. Highly profitable sectors are capital intensive and based on complex technology. Industrial policy of the Developmental State focuses on improving the educational and technological capacity of the country, at the same time building up domestic manufacturing for primary and intermediate goods to facilitate these new sectors, and increasing exports to acquire the necessary funds for

investment. While the state has the power to mobilize resources, it often does not know the skills and technologies needed. Now comes the role of the private sector. In the Developmental State, the government works with the private sector for specific information on what resources, skills, and technologies are needed to push the economy forward. Certain firms enjoy a protected status. The government gives these firms subsidies, loans, and other forms of assistance. As long as the firm is cooperative and continuously meets the government’s set goals, the partnership continues. Above is a general description of the Developmental State, but what creates an effective Developmental State? Two elements are essential. First, is the country's ability to choose a sector to develop that will be profitable in the future. The international economy is constantly shifting, and the development of an entire sector takes decades. Long-run predictions are difficult. Second, is creating a strong public-private partnership. Public-private cooperation can easily turn into corruption or rent seeking. The state must stay committed to long term growth and not allow private firms to convince them otherwise. If these two conditions are satisfied, the Developmental State is a powerful engine for growth. If proper sectors are identified, firms in those sectors will have the mobilization power of an entire government. They can acquire capital and perfect their production processes. Competitors stand little chance when faced with this. Now, let’s examine the manifestation of the Developmental State in Japan.

Chalmers Johnson was a pioneer in this field, writing a case study on the institutional/organizational underpinnings of the Japanese miracle. While the institutions themselves are important, their interaction is even more so. First, I will list and describe the institutions/organizations, and then move to a bigger picture understanding. The first organization Johnson found integral was the Ministry and International Trade and Industry

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MITI, which topped the bureaucracy of Japan and decided the industrial policy for the country. Johnson writes, “No technology entered the country without MITI's approval; no joint venture was ever agreed to without MITI's scrutiny and frequent alteration of the terms.” The next important institution is the Keiretsu, which were monopolistic corporate groups tied to government controlled banks. The next important organization was the Post Office. Using competitive interest rates, the government incentivized the public to put savings in the Post Office. Investment in the Post Office functioned like savings bonds, and were put directly into account of the Ministry of Finance. Finally, there was the Japanese Development Bank. The Japanese Development Bank did the actual facilitation of industry, giving long term loans to preferred industries and disciplining inefficient ones.

Now, let’s move on to the interaction between these players. MITI was the leader, deciding on what industries were to be subsidized and developed. After preferred sectors were identified, they were turned into Keiretsu, and privatized. The structure of the Keiretsu was that of a monopoly. Parent companies owned strings of horizontally and vertically integrated firms. This gave the leaders of the Keiretsu information about the bottlenecks and needs of an entire sector. Because of this, firms in Keiretsu were given loans at low rates, given subsidies, and protected from competition. These loans were funded by the Post Office, and distributed through the Japanese Development Bank. If at any time a firm sought to pursue its own short-term profit over long-term development, the government’s preferential treatment would end. Working in tandem with the government, firms like Toyota, Mitsubishi, and Sony became some of the

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largest conglomerates in the world. Now, in the specific case of the Japanese Developmental State, what made it so effective?

First, the bureaucrats who staffed MITI were able to create forward-looking industrial policy. Second, the leaders of the industry and the Government were taken from the same college and worked in joint circles. Old leaders of the industry would often retire and become high ranking government officials.\(^8\) Because of this familiarity, lines of communication were clear, tensions were relatively low, and Japanese economic development was a collective project. Next is the Liberal Democratic Party (LDP). From the end of World War II to the 1990s, the LDP had four decades of uninterrupted rule, an unusual occurrence in a democracy. The LDP was the safeguard to the system described above, allowing highly trained bureaucrats working in MITI to pursue their industrial policy unimpeded by public opinion. They also gave MITI the political power to discipline firms that were not adequately growing.

The final factor is the support from the United States. With the rise of Communism following World War II, the U.S. wanted to promote Japan as an exemplar of capitalist success in Asia. From 1946 to 1952, Americans provided Japan with fifteen billion dollars of assistance.\(^9\) While high savings using the Post Office were important to acquire investment funds, American assistance was also influential. More than monetary assistance, America did not enforce patent protection in Japan until the late 1980s, significantly reducing the cost of technology transfer. Japan had the perfect circumstance for the Developmental State. A highly educated group of Japanese bureaucrats and businessmen working together, backed by both the domestic government and global hegemon, supported the country to pursue economic development. This


summarizes the Developmental State, and its Japanese manifestation, as well as reasons for success. Now, let’s consider what went wrong. There are three possible reasons for its failure that will be discussed. While all three hold some validity, there is one that is significantly more impactful.

The first issue is the reduction of economic support to Japan from America. This explanation is predicated on the idea that the Developmental State was only possible with support from the global hegemon. The two main forms of support were free technology transfer through the non-enforcement of patents, and the allowance of large trade surpluses. Since the end of World War II, Japan had run enormous trade surpluses with America. However, this was not problematic because of the American desire to make Japan a bastion of Capitalism. But, as the specter of Communism began to shrink and Japanese companies, like Toyota, began to cut into the profits of American companies, concerns escalated when in 1981, Japan had its largest trade surplus with America at $13.4 billion. As tensions built, the Reagan Administration warned, “that it would be difficult to prevent protectionist pressures from building in Congress if Japan does not move dramatically on this front.”

The culmination of these tensions were in 1985 with the Plaza Accord. The Plaza Accord adjusted the exchange rate between the dollars and the Yen to lessen the trade surplus. The dollar would be devalued, so in comparison the Yen’s purchasing power would rise. An economic analysis found, “the Japanese yen in September 1985 went from 242 (yen per dollar) to 153 in 1986, a doubling in value for the yen.” Currency appreciation made Japanese exports less competitive, but they also raised the prices in Japan. Domestic producers’ goods became more

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expensive for other Japanese firms to buy. This contributed to the hollowing out of Japan. In the
following twenty years, there would be a marked decline in the manufacturing sector in Japan.
From 1990 to 2010, there was a ten percent decline in the manufacturing sector of the economy.

While most advanced economies have had declines in their manufacturing sectors, an
econometric analysis found, “appreciations of the real effective yen exchange rate did have
significant negative effects on the share of manufacturing in total employment in Japan.”

The second part of America ending support for Japan was the enforcement of patents. The
experiences of the Japanese telecommunications, computer software, and computer hardware
industry all illustrate the effect of the American patent enforcement. Before the 1980s, all three
of these industries learned from their American counterparts and reverse engineered their
products. In the telecommunication industry, “Nihon Telegraph and Telephone Corporation
(NTT) was a great beneficiary of AT&T technology up to and throughout the 1970s, in large part
due to the US government’s interest in building Japan into a strong ally.”

On the computer software front, NTT would copy the technology created by IBM. IBM
for most of the 1970s did “not aggressively sue firms copying its products.” As Japan grew as a
competitor, IBM, “freed from a decadeslong anti-trust investigation by the US Department of
Justice, cooperated with the FBI in a sting operation, in which Japanese firms were caught
stealing IBM’s software technology.” After that, Japanese companies were forced to pay hefty

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sums to IBM anytime they used their products. After this shift, NTT tried to produce a homegrown computer software operating system. In the end, it failed, and NTT was forced to instead adopt American standards and pay royalties. Across most industries, the age of free sharing of information was over.

America's removal of assistance to Japan revealed the inefficiencies that lay in many Japanese industries. The Japanese were beneficiaries of preferential treatment and free technology transfer. The removal of these two benefits chipped away at country wide profit. In turn, technological innovation faltered, as did the ability to invest in human and physical capital. These are proximate causes of economic development, not fundamental. They do not explain institutions that underlie the Japanese system that are making them unable to produce domestic technological innovation. The second failure of this argument becomes clear when taking an in-depth look at the Japanese economy, where there are some highly productive and innovative firms. Which institutions facilitated these firms, but let sectors like telecommunications languish? The removal of American support exacerbated the struggles of Japanese industries but does not explain the fundamental cause of Japanese failure.

The next possible explanation is that the Developmental State’s success led to its own destruction. It planted seeds of corruption by creating Keiretsu. These firms became so powerful that they were no longer beholden to the desires of the state, and instead, engaged in rent seeking behavior, leading to a reduction in state capacity to promote economic development. The 1991 asset crash is the most logical place to start to examine the effects of corruption in the Japanese system. Before the 1991 crisis, there had been a deregulation of banking that allowed for lending with less oversight. Directly coming from this deregulation were loans given to companies that were not financially stable. When the bubble collapsed, these companies became insolvent, but
the banks continued to loan these companies money. These were termed zombie loans. If it was clear these companies were failing, and the economy was contracting, why did the banks continue to loan them money?

A paper written by the International Monetary Fund points to failures in corporate governance, directly relating to the ownership structure of Japanese banks. There are four major shareholders of banks in Japan and one of these holders are the corporate borrowers of the bank. Dr. David Woo writes, “Japanese banks and their corporate borrowers developed a system of cross-shareholding as a symbol of their long-term commitment and business relationship.”¹⁶ To this day, “corporate borrowers still account for about fifty percent of total outstanding shares of Japanese banks.”¹⁷ In the past, this strong relationship worked to facilitate long-term growth that could overcome short-term recessions. But, because of the intensity of the 1991 asset crash, this relationship failed, encouraging banks to keep otherwise dead companies alive. While there were Japanese laws that appointed external auditors to regulate banks and their assets, according to the same IMF report, “they were known as generally reluctant to express opinions on the financial statements of corporations for fear of losing clients.”¹⁸

It is clear that the economic structure was compromised. The Developmental State failed in certain aspects and led to rent seeking behavior. Unlike the previous argument, this addresses not just proximate but fundamental causes for failure in development. The structure of the market was compromised by a corporatist state that led to less profitable investment in human

and physical capital, slowing economic growth. Japan, unlike other Developmental States, is a democracy. This implies that predatory state behavior should be corrected through elections. This came to pass when the LDP lost power in 1993 for the first time since 1955. While they did not stay out of power for long, returning in 1996, they introduced the Japanese Big Bang. In response to criticism about their failures to deal with these zombie banks, the LDP created the Big Bang, a set of comprehensive banking reforms. Japanese banks had to abide by stricter international standards.

Overall, this argument is strong at explaining fundamental causes of the slowing of the Japanese economy in the five to eight years after the 1991 asset crash. It is clear that the political institutions in Japan became beholden to corporate interests, and engaged in rent seeking practices, but why did democracy and the 1996 reforms not lead to higher growth in the long run? The fundamental cause as to why Japan has continued in a low-growth state for more than twenty years is unanswered.

The third and most compelling explanation of the failure of the Japanese Developmental State is the Japanese dual economy. The Developmental State effectively created strong firms that were highly productive international champions. Effective government assistance, balanced with rigorous international competition, created productive and highly effective firms that accounted for an inflated portion of Japanese productivity. On the other hand, domestic firms that were guaranteed domestic markets insulated through government licensing and subsidies became less productive compared to other developed economies.

A report by Mckinsey divided the Japanese economy into three sectors: Japanese companies manufacturing for global sales, Japanese companies manufacturing for domestic sales, and the Japanese service sectors. When comparing the productivity of these sectors,
Mckinsey found that for global Japanese companies, “average productivity was 120 percent of US companies,” for domestic manufacturers, “average productivity was 63 percent of US companies,” and for domestic services, “average productivity was 63 percent of US companies.”

When Mckinsey did a search into the causes for the low productivity of the domestic sectors, they found these sectors had low competitive intensity and usually did not follow global best practices. Entry barriers, exit barriers, inefficient subsidies, and lack of consumer information were found to all be heavily hampering the competitive intensity of domestic industries.

A specific instance of this relates to small business regulation. The Japanese system has continuously provided space for the operation of small local mom and pop businesses that are highly inefficient. Small businesses are subsidized through guaranteed loans with lax credit checks. Property tax is low and capital gains tax is high. This combination incentivizes keeping land. A secondary example of the inefficiency of the domestic Japanese economy is the residential construction business in Japan. There are strict land laws that make acquiring large plots of land difficult, which prevents construction companies from exploiting economies of scale. These are two examples, but there are numerous other examples of inefficiencies in the Japanese domestic sectors. Moreover, the dual economy explanation encompasses the other two arguments.

The weakness of the first possible explanation is that it provides proximate causes that hindered economic development. The dual economy explanation is able to provide the fundamental causes. The three industries most affected by the enforcement of American patents

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were telecommunications, computer software, and computer hardware. For Japan, all these are domestic service industries protected by strict licensing regulations. The fundamental cause underlying the failure of these industries is an incomplete market that did not foster adequate competition due to government intervention. The hollowing out of Japan was also directly related to the inefficiency of domestic industries. Previously, intermediate goods were cheap due to the undervalued yen, but with the appreciation of the yen, these goods became expensive. The hollowing came because the domestic industries failed to improve their efficiency when they were no longer sheltered by an undervalued yen.

The second explanation is that the Developmental State created the seeds of its own destruction. In a way, the dual economy also explains this. The tools used for industrial policy (loans, subsidies, and licensing) are powerful incentives to create economic growth. But, if there is no scrutiny of business practices to trim away inefficient behavior, these policies easily stifle growth. The most efficient sectors (i.e. Automobiles and consumer electronics) were initially groomed by government performance review and then international competition. The Japanese Developmental state created a large and diversified economy that was unable to have each sector carefully reviewed by the government. Japan needed to let go of the tools used to foster economic development in its incubation phases, and use practices more attuned to a mature economy.

In conclusion, the low growth of Japan is due to an overreliance on the tools of the Developmental State. Subsidies, guaranteed loans, and high entry barriers can all be used to incubate industries that will eventually have dynamic comparative advantage. However, this process must be targeted, highly monitored, and flexible. MITI began presiding over a country in shambles with a simple and undiversified economy. MITI created national champions like
Toyota and Mitsubishi and brought great wealth and prosperity to the country, and in turn many new industries began to spring up. Once the economy became more developed, it was not feasible for MITI to actively monitor each sector. In the end, this led to great resource inefficiency in domestic sectors due to lack of competition. It may be possible for a state to monitor a large diversified economy, but the Japanese power structure was too centralized to do so. The economic development of a state is a dynamic process. Poor, middle, and rich countries all face a host of unique challenges. Japan fell in love with high economic growth and the Developmental State. Ultimately, the Developmental State is a transitory period in the growth of an economy. Japan failed to create a fully functional market mechanism, slowing the growth of the domestic economy. While the Developmental State has always been based on state capacity rather than the market, the Japanese economy is past the point of the Developmental State to manage it.
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